City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Wednesday, March 03, 1999 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:10 a.m.

REGULAR AGENDA

981933 **[Police Department Executive Appointments]** **Supervisors Leno, Bierman**

Ordinance amending Administrative Code Section 2A.76 to allow for appointments to non-civil service exempt ranks of the Police Department to be made from the ranks of lieutenant and above.

(Amends Section 2A.76.)

11/16/98, RECEIVED AND ASSIGNED to Housing and Neighborhood Services Committee.

1/25/99, TRANSFERRED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Lori Giorgi, Deputy City Attorney.
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

981934 **[Police Department Executive Appointments]** **Supervisors Leno, Bierman**

Ordinance amending Administrative Code Section 2A.77 to allow the Chief of Police to appoint exempt non-civil service executives from the rank of lieutenant and above.

(Amends Section 2A.77.)

11/16/98, RECEIVED AND ASSIGNED to Housing and Neighborhood Services Committee.

1/25/99, TRANSFERRED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Lori Giorgi, Deputy City Attorney.
RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

990091 [Interdepartmental Jurisdictional Transfer] Supervisor Bierman

Ordinance transferring jurisdiction over certain real property located at Drumm Street, between Clay and Washington Streets, described generally as Assessor's Block 202, Lots 6, 14 and a portion of 15, excluding the subsurface thereof, and a portion of Assessor's Block 203, Lot 14, from the Department of Public Works to the Recreation and Park Commission; and providing that no building, improvement or structure may be constructed on the surfaces of such parcels and adjoining Assessor's Block 202, Lot 18.

1/19/99, ASSIGNED to Finance and Labor Committee.

2/10/99, CONTINUED. Heard in Committee. Speakers: Eula Walters. Continued to February 24, 1999.

2/24/99, CONTINUED. Continued to March 3, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Bierman; Supervisor Ammiano
In Support: Ernestine Weiss; Dave Burnett; Barbara Kerwick; Jane Morrison; Carolyn Blair; Eula Walters; Isabel Wade; Herb Lembcke; Lynne Juarez.
In Opposition: Nan McGuire, Friends of Tule Elk Park; Paul Growald; Gail Getty; Marion Page; Diana Rogers; Walter Miller; Donald Green, Laural Heights Association; Martin Rosen; Betty Landis; Ron Miguel; Jan Lassetter; Peter Boyer; Simon Hurd, S.F. League of Urban Gardners; John Norwood; Peter Winkelstein, SPUR Urban Affairs Committee; Dee Dee Workman, S. F. Beautiful; Howard Strassner, Sierra Club; Harry Overstreet, Architect for Butterfly Discovery Park Project.

RECOMMENDED by the following vote:

Ayes: 2 - Bierman, Ammiano
Noes: 1 - Yee

990115 [Appropriation, Mayor's Office-Peninsula Corridors Joint Powers Board]

Ordinance appropriating $830,760, Mayor's Office, General Fund Reserve, to increase the appropriation amount for the Peninsula Corridor Joint Powers Board Agency subsidy payments for fiscal year 1998-1999. (Controller)

(Fiscal impact.)

1/20/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Bruce Balshone, Coalition for One Stop Terminal; Howard Strassner; Jan Morrison; Supervisor Ammiano; Supervisor Bierman. Amended on lines 1, 13, 16, and 17 to increase appropriation from "$830,760" to "$830,921". Supervisor Bierman added as sponsor.

AMENDED.

Ordinance appropriating $830,921, Mayor's Office, General Fund Reserve, to increase the appropriation amount for the Peninsula Corridor Joint Powers Board Agency subsidy payments for fiscal year 1998-1999. (Controller)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990163 [Reserved Funds, Public Transportation Commission]

Hearing to consider release of reserved funds, Public Utilities Commission, (Federal Section 9 Funds, Resolution No. 319-94), in the amount of $1,187,241, to continue project parts procurement activities related to the MUNI Diesel Bus Rehabilitation Program. (Public Transportation Commission)

1/28/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jerry Levine, Grants Administrator for MUNI; Supervisor Ammiano; Walt Podesto, MUNI. Request for release of reserve amended to reduce requested amount from "$1,187,241" to "$1,147,866" per Budget Analyst recommendations

AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

Hearing to consider release of reserved funds, Public Utilities Commission, (Federal Section 9 Funds, Resolution No. 319-94), in the amount of $1,147,866 to continue project parts procurement activities related to the MUNI Diesel Bus Rehabilitation Program. (Public Transportation Commission)

APPROVED AND FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990170 [Year 2000 Full Count Committee - Census Count] Supervisors Ammiano, Yee, Bierman

Resolution establishing a Year 2000 Complete Count Advisory Committee to develop and coordinate a census implementation plan for the City and County of San Francisco and to act as liaison to the Census Bureau to ensure a complete count in the year 2000, establishing the membership and rules for the committee, setting a deadline for a committee recommendation on an adequate level of City funding to supplement Census Bureau's outreach efforts, and urging City Departments, City-funded community based organizations, the Chancellor of City college and the Superintendent of SF Unified School District to promote local census participation.

2/1/99, RECEIVED AND ASSIGNED to Housing and Social Policy Committee.

2/3/99, TRANSFERRED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst,; Supervisor Ammiano; Supervisor Teng; Ted Whang, Chinese for Affirmative Action; Artis Cooper, NAACP; Hoi Yung Poon, Census Bureau; John Young, Department of Human Resources; Supervisor Yee; Supervisor Bierman. Supervisor Bierman added as cosponsor.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Bierman, Ammiano, Yee

990312 [Fiscal Condition of the City and County of San Francisco] Supervisor Yee

Hearing to review and consider the Controller's six-month budget status report issued February 9, 1999; the three-year budget forecast to be issued jointly by the Controller, Mayor and the Budget Analyst within the next two to three weeks; specific budget problem areas such as workers' compensation spending, overtime spending and San Francisco General Hospital and Laguna Honda Hospital revenues and expenditures; any structural problems in the budget, such as items that have been built into the budget that will cause us trouble in future years.

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Ed Harrington, Controller; Supervisor Yee; Supervisor Ammiano; Dr. Mitchell Katz, Director, Public Health Department; Supervisor Bierman; Bill Lee, City Administrator; Matthew Hymel, Budget Director, Mayor's Office; Harvey Rose, Budget Analyst.

FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 1:35 p.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

February 26, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: March 3, 1999 Finance and Labor Committee Meeting

Items 1 and 2 – Files 98-1933 and 98-1934

Department: Police

Item:

File No. 98-1933
Ordinance amending Chapter 2A, Article IV, Section 2A.76 of the Administrative Code to allow the Police Commission to create exempt non-civil service ranks to which members of the civil service ranks of Lieutenant and above can be appointed by the Chief of Police.

File No. 98-1934
Ordinance amending Chapter 2A, Article IV, Section 2A.77 of the Administrative Code to allow the Chief of Police to appoint exempt non-civil service executives from the civil service ranks of Lieutenant and above.

Description:

File No. 98-1933
The proposed ordinance would amend Chapter 2A, Article IV, Section 2A.76 of the Administrative Code to give the Police Commission the power to create civil service-exempt ranks to which members of the Police Department with a civil service rank of Lieutenant or higher may be appointed by the Chief of Police. Presently, the Administrative Code gives the Commission the power to create civil service-exempt ranks to which members of the

Department with the civil service rank of Captain or higher, not Lieutenant or higher, can be appointed by the Chief of Police. Additionally, this proposed amendment requires that a Lieutenant appointed by the Chief of Police to any non-civil service rank above Captain must have worked for a six month probationary period and served an additional six months as a permanent employee in that rank. This requirement is not currently in the Administrative Code.

<u>File No. 98-1934</u>
The proposed ordinance would amend Chapter 2A, Article IV, Section 2A.77 of the Administrative Code to give the Chief of Police the power to appoint members of the Police Department with a civil service rank of Lieutenant or higher to any of the Department's non-civil service ranks above Captain. Presently, the Administrative Code gives the Chief of Police the power to appoint civil service members of the Department with a rank of Captain or higher, not Lieutenant or higher, to any of the Department's non-civil service ranks above Captain. Additionally, this proposed amendment requires that to be eligible for appointment to any non-civil service rank above Captain, a Lieutenant must have worked for a six month probationary period and served an additional six months as a permanent employee in that rank. This requirement is not currently in the Administrative Code.

Comments:

1. The Attached memo from Ms. Lori Giorgi of the City Attorney's Office briefly explains the purpose of this proposed legislation.

2. According to Ms. Giorgi, there would be no fiscal impact to the City, as the proposed amendments to the Administrative Code are intended only to codify current practices, and there would be no related increase or decrease in Police Department authorized positions.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CITY ATTORNEY

LOUISE H. RENNE
City Attorney

LORETTA M. GIORGI
Chief Attorney - Public Protection Unit

DIRECT DIAL: (415) 554-4222
E-MAIL: lori_giorgi@ci.sf.ca.us

MEMORANDUM

TO: RICHARD RAYA, BUDGET ANALYST'S OFFICE

FROM: LORETTA M. GIORGI
Chief Attorney – Public Protection Unit

DATE: December 17, 1998

RE: PROPOSED LEGISLATION AMENDING THE SAN FRANCISCO ADMINISTRATIVE CODE REGARDING MINIMUM REQUIREMENTS FOR SELECTION OF POLICE DEPARTMENT COMMAND STAFF

As you know, the Police Department Consent Decree was recently terminated. As part of the effort to institutionalize the Department's employment practices under the decree, the City needs to make some amendments to the Administrative Code.

Prior to the implementation of the decree in 1979, the San Francisco Charter provided that all command level staff had to be appointed from the rank of Captain and above.

Under the 1979 Consent Decree these Charter provisions were suspended and the court ordered that command level appointments should be made from the ranks of Lieutenant and above. The reason for these modifications was that there were few or no minorities or women in the Captain rank from which to select command staff. In order to fully integrate all ranks of the department, it was decided that the Chief would be allowed to choose from a larger pool of candidates if he could select persons from the Lieutenant rank as well as the Captain rank.

In 1995, the Charter was amended by the electorate. The Charter provisions regarding the appointment of command staff were moved to the Administrative Code. However, these provisions were not amended to conform with the practice under the Consent Decree.

In order to continue this practice after termination of the decree, the Board of Supervisors must amend these ordinances. The Department, Police Commission and Police Officer's Association have successfully held a "meet and confer" session and agreed to the amendments as set forth in this legislation.

If you have any further questions regarding these amendments, please do not hesitate to contact me.

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TOTAL P.01

Item 3 – File 99-0091

Note: This item was continued by the Finance and Labor Committee at its meeting of February 24, 1999.

Department: Department of Public Works (DPW)
Recreation and Park Department (RPD)

Item: Ordinance transferring jurisdiction over certain real property located at Drumm Street between Clay and Washington Streets, described generally as Assessor's Block 202, Lots 6, 14 and a portion of 15, excluding the subsurface rights thereof, and a portion of Assessor's Block 203, Lot 14, from the Department of Public Works to the Recreation and Park Commission; and providing that no building, improvement or structure may be constructed on the surfaces of such parcels and adjoining Assessor's Block 202, Lot 18.

Description: The proposed ordinance would transfer jurisdiction over certain real property from DPW to RPD excluding the subsurface rights to a portion of the property. According to Mr. Joel Robinson of RPD, approval of this ordinance would preserve the property for use as open space subject to the possible construction of an underground parking facility on this property. The construction of an underground parking facility would require separate approval by the Board of Supervisors.

On July 18, 1994, the City acquired from the State certain real property comprised of Assessor's Block 202, Lots 6, 14 and portion of 15, and a portion of Assessor's Block 203, Lot 14 (collectively, the "Property"). The Property is located immediately northwest of Justin Herman Plaza, between the Embarcadero to the west and Davis Street to the east, and between Washington Street to the north and Clay Street to the south, as shown on the attached map. The Property is currently held under the jurisdiction of the Department of Public Works. The Recreation and Park Commission has jurisdiction over adjoining property, Assessor's Block 202, Lot 18 (Lot 18). The subject Property and the adjoining property are used as open space.

The proposed ordinance would subject the Property and the adjoining Lot 18 to the restriction that no building, improvement or structure may be constructed on the

surfaces of the Property and Lot 18, provided that the following improvements would not be prohibited: (a) landscape improvements such as pedestrian pathways, gazebos, tables, benches lighting fixtures, trash receptacles, automatic public toilets, bicycle racks and drinking fountains, and (b) improvements necessary to the functioning of a potential underground parking facility if such improvements cannot be constructed underground.

Jurisdiction over portions of the Property's subsurface, specifically Assessor's Block 202, Lots 6, 14, and a portion of 15, is to be retained by DPW because on September 18, 1996, the Board of Supervisors preliminarily endorsed construction of an underground public parking facility with a capacity for up to 350 vehicles on this Property (File No. 47-96-8). This endorsement by the Board of Supervisors was subject to the condition that construction of an underground parking facility would not commence until the City executed a contract with a developer for a major renovation of the Ferry Building, located approximately 500 feet to the east of the Subject Property, across the Embarcadero, with the understanding, according to Mr. Alec Bash of the Port, that any such parking facility would serve the public needs associated with a renovated Ferry Building. According to the proposed ordinance, the Port is currently negotiating with a developer, William Wilson and Associates, for the renovation of the Ferry Building.

On November 4, 1996, the Board of Supervisors approved the Final Environmental Impact Report for the Alternatives to Replacement of the Embarcadero Freeway and the Terminal Separator Structure, which set forth several surface traffic improvements, including the widening of Washington and Clay Streets between Davis and Drumm Streets, which would consist of certain improvements to a portion of Block 203, Lot 14 (File No. 271-96-3). The proposed ordinance states that to "widen Washington and Clay Streets, the property line for Assessor's block 203, Lot 14 would be shifted approximately 17.40 feet to the south on the Washington Street frontage and approximately 17.61 feet to the north on the Clay Street frontage and two portions of Assessor's

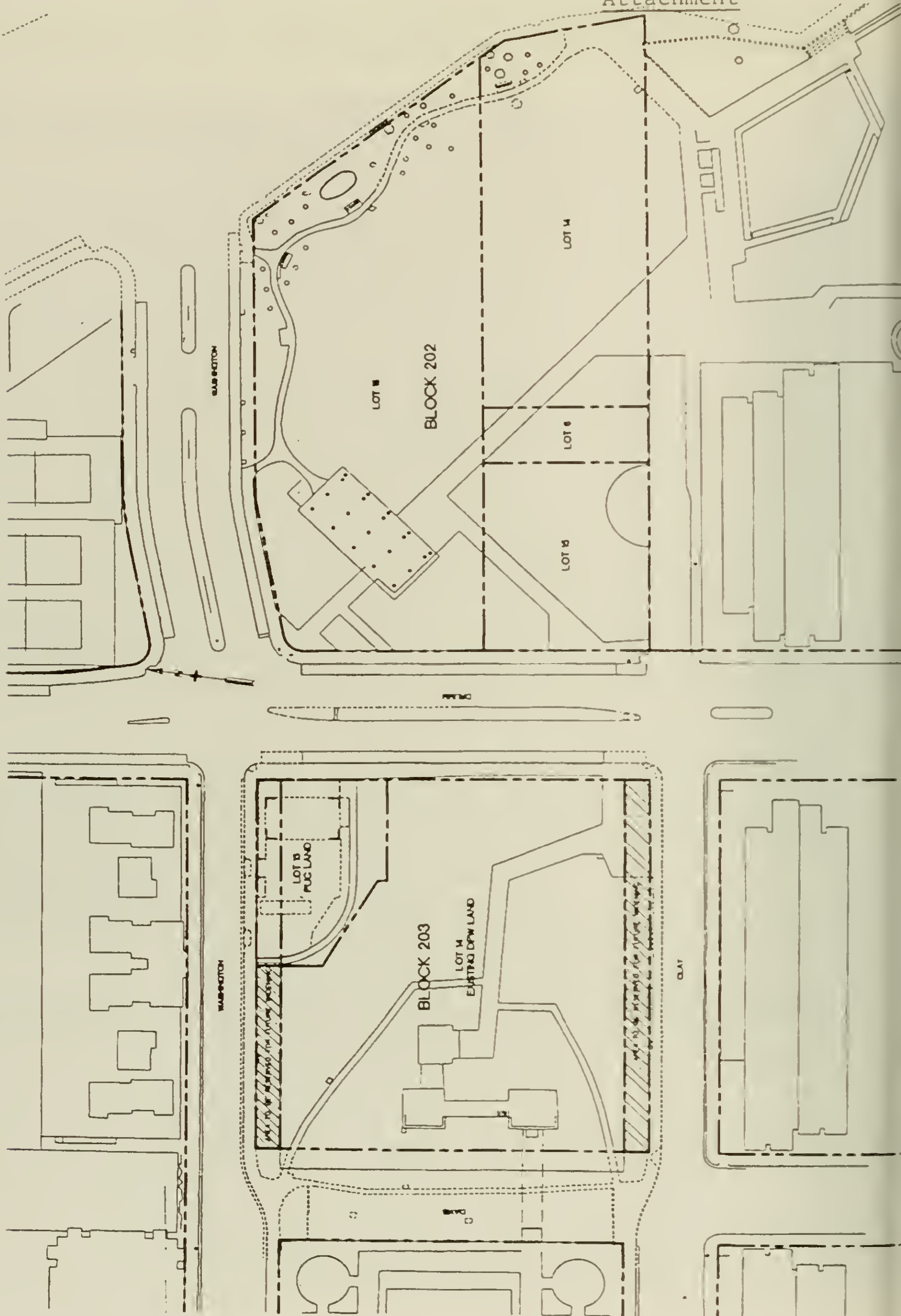
Block 203 (collectively the "Reserved Street Widening Parcels), will thereby be a part of the widened Washington and Clay Streets."

Ms. Mariam Morley of the City Attorney's Office states that these Reserved Street Widening Parcels do not consist of that portion of Block 203, Lot 14 included in the Property proposed to be transferred from the jurisdiction of DPW to the jurisdiction of RPD. However, this proposed ordinance states "In the event that Washington and Clay streets are not widened within five years after the effective date of this Ordinance, the Director of Property shall recommend to the Board of Supervisors that, subject to the California Environmental Quality Act and other applicable laws, the jurisdiction of the Reserved Street Widening Parcels be transferred to the Recreation and Park Commission" and that the property comprising the Reserved Street Widening Parcels be subjected to the same development limitations as the subject Property. Therefore, according to Ms. Morley, the Reserved Street Widening Parcels, as land adjoining the subject Property described above, would serve as preserved open space in combination with the Property.

Comment: As previously noted, the Property is currently used as open space. Mr. Robinson stated that RPD already provides gardeners to maintain the Property, excluding the portion of Assessor's Block 203, Lot 14, which is maintained by DPW. Mr. Robinson advises that RPD is not planning any improvements to the Property and therefore, Mr. Robinson anticipates no fiscal impact from the proposed jurisdictional transfer.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Attachment



Item 4 – File 99-0115

Department: Mayor's Office

Item: Supplemental Appropriation Ordinance appropriating $830,760 from the General Fund Reserve to (1) increase the FY 1998-99 appropriation amount for subsidy payments to the Peninsula Corridor Joint Powers Board (JPB) and (2) fund the installment payment for the City's share of start-up costs of the JPB.

Amount: $830,760 (see Comment)

Source of Funds: General Fund Reserve

Description: In August of 1991, the City entered into a Joint Powers Agreement (JPA) with the San Mateo County Transit District (SamTrans) and the Santa Clara County Transit District regarding the Peninsula Corridor Project. The Peninsula Corridor Project involves the Caltrain route that currently extends from Gilroy to San Francisco. At that time, a Joint Powers Board (JPB) was established as the eventual successor to the California Department of Transportation (Caltrans) to oversee the Caltrain operator, which is currently Amtrak.

The JPB consists of nine members, three of which represent the City and County of San Francisco. One member is appointed by the Mayor, one is appointed by the Board of Supervisors and one is appointed by the Public Transportation Commission (PTC). The JPB provides for the allocation among the JPB members of the administrative, capital and operating expenses in connection with the above-noted Peninsula Corridor Project.

Approximately 40 percent of Caltrain's operating costs are recovered through fares, resulting in a 60 percent annual operating deficit. The annual Federal subsidy is subtracted from the 60 percent deficit. The balance, after subtracting the Federal subsidy is, under the current provisions of the JPA, borne by the counties of San Francisco, San Mateo and Santa Clara based on their

respective percentages of morning commute boardings, as determined during a survey held the previous year.

According to Mr. Ben Rosenfield of the Mayor's Office of Public Finance, during the formulation of the City's FY 1998-99 budget, the JPB failed to provide the City with adequate survey data on San Francisco's share of morning boardings. As a result, the Mayor's Office of Public Finance estimated, based on previous annual percentage increases in morning boardings, that San Francisco's share of morning boardings grew by 10 percent, from 16 percent to 17.6 percent of total morning boardings in FY 1997-98. Mr. Rosenfield states that based on these estimates of ridership, the Mayor's Office of Public Finance calculated that San Francisco's share of the JPB's FY 1998-99 operating expenses in connection with the Peninsula Corridor Project would be $4,648,351, which was appropriated by the Board of Supervisors for subsidy payments to the JPB in the City's FY 1998-99 budget.

However, according to Mr. Jim Gallagher of the JPB, San Francisco's share of morning boardings actually grew by 17.5 percent, from 16 percent to 18.8 percent of total morning boardings in FY 1997-98. Mr. Rosenfield therefore reports that San Francisco's share of the JPB's FY 1998-99 operating expenses in connection with the Peninsula Corridor Project is $5,349,646, or $701,295 more than the current FY 1998-99 appropriation amount of $4,648,351. Attachment I, provided by Mr. Gallagher, contains allocated amounts, by County, for JPB's FY 1998-99 budgeted costs in connection with the Peninsula Corridor Project.

Approval of the proposed supplemental appropriation would increase the current FY 1998-99 appropriation amount for San Francisco's share of the JPB's FY 1998-99 operating expenses in connection with the Peninsula Corridor Project by $701,295, from $4,648,351 to $5,349,646.

Mr. Gallagher states that if the JPB does not receive the additional needed $701,295, this would result in a

reduction of scheduled Caltrain service in connection the Peninsula Corridor Project beginning in May of 1999.

According to Mr. Gallagher, the JPB began operations in July of 1992. A total of $5,465,539 was required for the JPB's start-up costs. Mr. Gallagher advises that the three counties agreed that San Mateo's share of such start-up costs would be $2,787,425 (51 percent) and Santa Clara's share would be $2,120,629 (38.8 percent), with the balance of $557,485 (10.2 percent) representing San Francisco's share of the start-up costs. According to Mr. Gallagher, San Mateo and Santa Clara Counties have previously paid their share of such costs. The three counties also agreed that San Francisco would pay its share of the start-up costs of $557,485 plus seven percent interest over five years beginning in FY 1993-94, in accordance with the payment schedule shown in Attachment II, provided by Mr. Gallagher. The proposed supplemental appropriation would provide for San Francisco's fifth and last installment payment of $129,626, as reflected in Attachment II.

Comment: Based on (1) $701,295 to provide the balance of San Francisco's share of the JPB's FY 1998-99 operating expenses in connection with the Peninsula Corridor Project and (2) $129,626 for San Francisco's final payment for the JPB's start-up costs, San Francisco's total requirement is $830,921 or $161 more than this request of $830,760.

Recommendation: Amend the proposed ordinance to increase the amount of this ordinance by $161 from $830,760 to $830,921, and approve the proposed ordinance as amended.

Attachment I

FINAL

PENINSULA CORRIDOR
JOINT POWERS BOARD

MEMBER AGENCIES ALLOCATIONS & PAYMENTS

INCLUDING PROPOSED FY 1999 BUDGET ALLOCATION

		SAMTRANS			VTA			SAN FRANCISCO		
		SHARE	PAID	BALANCE	SHARE	PAID	BALANCE	SHARE	PAID	BALANCE
(A)	FY 1999 Budgeted Operations	12,255,854	-	12,255,854	11,270,324	-	11,270,324	5,349,646	-	5,349,646
(B)	Centralized Traffic Control	1,003,510	1,003,510	-	1,003,510	1,003,510	-	1,003,510	637,518	365,992
(C)	Track One Obligation	871,420	871,420	-	754,600	754,600	-	353,980	107,281	246,699
(D)	Start-Up Cost (through 6/30/92)	3,855,899	3,855,899	-	3,248,890	3,248,890	-	647,426	517,800	129,626
(E)	Right-Of-Way Purchase	* 39,176,867	39,176,867	-	** 34,652,380	-	34,652,380	** 8,294,498	-	8,294,498
(F)	Trackage Rights (SJ - Gilroy)	-	-	-	4,000,000	4,000,000	-	-	-	-
	TOTALS:	57,163,550	44,907,696	12,255,854	54,929,704	9,007,000	45,922,704	15,649,060	1,262,598	14,386,461

(A) Member agency shares are based on updated passenger boardings.
(B) Per JPB approval at the January 8, 1998 meeting.
(C) Due in FY99 due to conclusion of negotiations with Union Pacific.
(D) Final Payment of San Francisco's five (5) year payment schedule.

* Paid by San Mateo County Transportation Authority.
** Advanced by SamTrans.

SMS C JPBFY99MbrPmtAloc

Attachment II

DATE: February 25, 1999

TO: Gabe Cabrera

FROM: Jim Gallagher

SUBJECT: **SAN FRANCISCO REMITTANCES, JPB STARTUP COSTS**

Joint Powers Board records show the following schedule of remittances for Caltrain startup costs by the City and County of San Francisco:

Date Received	Payment Amount
March 1, 1995	$129,300.00
July 1, 1995	$129,500.00
July 1, 1996	$129,500.00
July 1, 1997	$129,500.00
July 1, 1998	$129,625.78
TOTAL..........................	$647,425.78

Item 5 – File 99-0163

Department: Public Transportation Commission (PTC)
Municipal Railway (Muni)

Item: Hearing to consider the release of reserved funds in the amount of $1,187,241 from previously authorized Federal Operating and Capital Assistance Funds, including matching funds from a combination of State, Regional and Local sources for three Municipal Railway Projects.

Amount: $1,187,241 (See Comment No. 1)

Source of Funds: Federal grant funds, including matching funds from a combination of State, Regional and Local sources.

Description: In April of 1994, the Board of Supervisors authorized Muni to apply for, accept and expend grant funds in the amount of $26,748,583 from Federal grants including matching funds from a combination of State, Regional and Local sources (File 94-93-3). Of the total funds of $26,748,583, $2,165,366 was placed on reserve for the Muni Metro Accessibility Improvements, Diesel Bus Rehabilitation and Subway Signal System Replacement Projects, pending the selection of contractors and the submission of project cost details. Of the $2,165,366 placed on reserve, $1,017,500 was subsequently released for Phase I & II of the Muni Metro Accessibility Project, leaving a current balance on reserve of $1,147,866. This request would authorize the release of all remaining reserved funds (See Comment No. 1).

The requested funds would be used to partially finance the rehabilitation of 34 articulated diesel buses as part of the Muni Diesel Bus Rehabilitation Program, which seeks to rehabilitate Muni's articulated diesel buses that have either exceeded their economic useful life or are now in need of a mid-life overhaul. The total cost to rehabilitate these 34 buses is estimated to be $1,520,653 (see Comment No. 2).

Of the $1,520,653, $240,000 would be used to purchase engines for 10 M.A.N. articulated buses that have exceeded their economic useful life. According to Mr.

Jerry Levine of Muni, these 10 coaches, which were purchased in 1984, exceeded their economic useful life in 1996 and have become difficult and costly to maintain. While an order for new diesel coaches has been placed, the new vehicles will not be delivered for approximately two years. Mr. Levine advises that this purchase of 10 new engines will help to enhance vehicle availability until the new diesel coaches arrive in approximately 2001.

The remaining $1,280,653 of the $1,520,653 total estimated cost would be used to rehabilitate 24 articulated coaches, purchased in 1991, which are now in need of a mid-life overhaul. Mr. Levine advises that these funds would be used to purchase parts for power delivery systems (transmissions), cooling systems, suspension (axles), and structural improvements.

Budget: The Attachment, provided by MUNI, outlines the program budget details.

Comments:

1. As previously noted, the current balance in reserved funds is $1,147,866, which is $39,375 less than the $1,187,241 request. As such, the subject request should be reduced by $39,375, from $1,187,241 to $1,147,866.

2. As noted above, the total cost to rehabilitate the 34 diesel buses is estimated to be $1,520,653. According to Mr. Levine, the balance of $372,787 ($1,520,653 project costs less $1,147,866 in reserved funds) would be funded with either existing or future grant funds.

Recommendations:

1. Reduce the subject request by $39,375, from $1,187,241 to $1,147,866, in accordance with Comment No. 1.

2. Release funds in the amount of $1,147,866.

Attachment

New Flyer Diesel Coach
Rehab Project

Estimated Parts Procurement Cost :

Components	Quantity	Estimated Cost
Front Axle Assy.	24 ea.	$ 159,552.00
Wheelchair Lift Assy.	24 ea.	$ 172,800.00
Window Kits	24 ea.	$ 17,760.00
Seating & Inserts	24 ea.	$ 176,304.00
TSI Restraint	24 ea.	$ 12,000.00
Destination Signs	23 ea.	$. 281,089.00
M.A.N. Reman. Engines	10 ea.	$ 240,000.00
Interlube System	23 ea.	$ 24,495.00
HTB-748 Transmissions	19 ea.	$ 404,700.00
Subtotal Parts		$1,488,700.00
Sales Tax		$ 16,322.00
Contingency Costs		$ 15,631.00
Current Total		$1,520,653.00
Current Funds on Reserve		$1,147,866.00
Difference		$ 372,787.00

Information provided by :

Walt Podesta - Contractual Services Manager , Muni Diesel Modal
Ken Sapp - Maintenance Supervisor / N.F. Rehab Project Manager

Item 6 – File 99-0170

Department: Mayor

Item: Resolution **(a)** establishing a Year 2000 Complete Count Advisory Committee to develop and coordinate a census implementation plan for the City and County of San Francisco, and to act as a liaison to the U. S. Census Bureau to ensure a complete count in Year 2000; **(b)** establishing the membership and rules for the Committee; **(c)** setting a deadline for the Committee to recommend an adequate level of City funding to supplement the U. S. Census Bureau's outreach efforts; **(d)** urging City departments, City-funded community-based organizations, the Chancellor of the Community College District, and the Superintendent of the San Francisco Unified School District to promote local census participation.

Description: According to Mr. John Young of the Department of Human Services, the 1990 Census taken by the U. S. Census Bureau failed to count over 837,000 people in the State of California, including 21,600 San Francisco residents, or 2.98 percent of the City's total population, which was reported as 723,959 in the 1990 Census.

Mr. Young reports that, as a result of the undercount in the 1990 Census, San Francisco receives $3,240,000 less annually in Federal funding than it would have received otherwise, based on $150 annually in Federal funding for each person undercounted, times 21,600 undercounted residents. According to Mr. Young, the estimate of $150 was provided by the U. S. Census Bureau.

Additionally, as a result of the undercount in the 1990 Census, San Francisco receives $2,052,000 less annually in State funding than it would have received otherwise, based on $95 annually in State funding for each person undercounted, times 21,600 undercounted residents. According to Mr. Young, the amount of $95 is an estimated provided by the U. S. Census Bureau. Therefore, according to Mr. Young, due to the undercount in the 1990 Census, San Francisco receives $5,292,000

less annually in Federal and State funding combined than it would have received had the 1990 Census been correct.

Under the proposed resolution, a Complete Count Advisory Committee would be established and would consist of at least 17 members, including: the Director of Human Services; the Director of Public Health; the Executive Director of the San Francisco Housing Authority; the Mayor's Homeless Coordinator; 11 representatives of community-based organizations that provide services to historically undercounted communities, each appointed by the members of the Board of Supervisors; one representative appointed by the Board of Education, and one representative from the Community College Board. A committee of similar composition already exists, and is involved in planning for the implementation activities of the proposed resolution.

Under the proposed resolution the Committee would implement its primary objective to prevent undercounting in the Year 2000 U. S. Census to be taken by the U. S. Census Bureau. The Committee would undertake media outreach and engage the public through promotional events, encouraging people to participate in the Year 2000 Census, establishing support centers for completing Census forms, and serving as liaison to the U.S. Census Bureau. The Committee would also develop and coordinate a Census implementation plan for the City and County of San Francisco. This implementation plan would create a Census telephone hotline, coordinate with community centers, assist the San Francisco branch of the U. S. Census Bureau recruit approximately 1,200 counters to follow-up on completed Census forms in San Francisco, and ensure that multiple languages and outreach efforts are employed to reach historically undercounted communities in San Francisco.

Fiscal Impact: Under the proposed resolution, the adequacy of funding in the City's FY 1999-2000 budget to supplement the U. S. Census Bureau's outreach effort and to facilitate partnerships between the U. S. Census Bureau, local government agencies, and community-based organizations would be determined by the proposed Committee and would be subject to Board of Supervisors

appropriation approval. As of the writing of this report, Mr. Young does not know how much funding will be requested in the City's FY 1999-2000 budget to implement the activities of the Committee.

As of the writing of this report, Mr. Young was not certain whether the Committee members would receive any compensation and/or reimbursement for expenses related to the Year 2000 Census.

Comments:

1. According to Mr. Young, the undercount in the 1990 Census was determined by the Post Enumeration Survey, which was a survey conducted in 1991 by the U. S. Census Bureau to determine the extent of undercounting in the 1990 Census.

2. Mr. Young expects that the proposed media outreach would commence in January of 2000. The U. S. Census Bureau is expected to mail the Census data forms to all official residential mailing addresses in San Francisco by April 1, 2000, and to do follow-up counts through July where residents have been unresponsive. At the end of the 2000, the statistics collected from the Year 2000 Census will be delivered to the U. S. President.

3. Mr. Young reports that the U. S. Census Bureau bases the Census on the ability of the Federal government to send Census data forms through official residential mailing addresses. Moreover, the Census data forms contain questions that, although available in other languages, are generally prepared in English. Therefore, those individuals without official residential mailing addresses or those persons who do not speak English are more difficult to reach and are more likely to be omitted from the Census. Among such individuals are homeless people, undocumented aliens, members of minority communities, and occupants of unofficial housing units, according to Mr. Young.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

<u>BOARD OF SUPERVISORS</u>
BUDGET ANALYST

Item 7 – File 99-0312

1. This is a hearing to review and consider the Controller's six–month Budget Status Report issued February 9, 1999 and the three-year budget forecast to be issued jointly by the Controller, the Mayor's Director of Finance and the Budget Analyst.

2. The Controller's six–month Budget Status Report included the following highlights:

- The Controller projected an $86.0 million FY 1998-99 year-end balance that would be available as a source of funding for the FY 1999-2000 budget. The report noted that this projected year-end balance is $15.9 million less than the $101.9 million FY 1997-98 year-end balance that was used as a source of funding for the current FY 1998-99 budget.

- Overall, revenues and other funding sources are projected by the Controller to be $38.3 million higher than the FY 1998-99 budget. Surplus revenues are being realized for Property Taxes ($19.27 million), Sales Taxes ($1.47 million) and Real Property Transfer Taxes ($5.93 million). In addition, the City will realize a one-time recovery of $17.6 million in Property Tax revenue previously transferred to School Districts between FY 1993-94 and FY 1996-97.

  It should be noted that some revenue sources are not meeting budgeted amounts. Specifically, Hotel Taxes are $3.1 million below budget and Utility User Taxes are projected at $2.9 million less than budget. Other revenue deficiencies include Recreation and Park Department revenues ($2.0 million) and, based on reduced concession and other non-aeronautical revenue, the Airport Revenue Transfer to the General Fund ($1.85 million).

- General Fund expenditures are projected to be $4.9 million over budget overall. The Controller's six–month Budget Status Report notes Workers' Compensation spending, which exceeds General Fund budgeted amounts by a total of $8.67 million, is an issue that should be monitored. The report notes that most City Departments are able to cover excess Workers' Compensation spending through other budget savings, but that some departments will require a supplemental appropriation.

  The Controller's six–month Budget Status Report states that the following supplemental appropriations will be necessary:

  - $2.1 million for the Fire Department to cover projected deficits in overtime due to the provision of additional emergency medical services, and salaries and benefits to begin two additional classes of Firefighters to

fulfill future staffing requirements. This supplemental appropriation has been submitted to the Finance and Labor Committee.

- $1.1 million for the Police Department's Workers' Compensation deficit. The Police Department is also exceeding its overtime budget by $1.5 million, which is being offset by other salary savings. The Budget Analyst previously reported during the June, 1998 Finance Committee budget hearings that Police Overtime could be underfunded by $1.0 million.

- The six–month Budget Status Report states that the Sheriff will require a supplemental appropriation of $500,000 to cover deficits in Workers' Compensation and food supplies. Subsequently, the supplemental appropriation that has been submitted to the Finance and Labor Committee by the Mayor is approximately $1.3 million and includes 22 new positions and funds for drug treatment program for inmates.

- The Controller projects that San Francisco General Hospital will have a $12.45 million deficit and that Laguna Honda Hospital will have a $5.1 million deficit, for total projected Hospital deficits of $17.55 million. However, other budget savings in the Department of Public Health will reduce the net overall Departmental deficit to $5.1 million according to the Controller's six–month Budget Status Report, and a supplemental appropriation for $5.1 million will be required.

3. The three-year budget forecast prepared jointly by the Controller, the Mayor's Director of Finance and the Budget Analyst will be issued on March 3, 1999.

Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Gail Feldman
Matthew Hymel
Stephen Kawa
Ted Lakey

Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Clerk: Mary Red

Saturday, March 06, 1999 **10:00 AM** **City Hall, Room 263**

254

Special Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:08 a.m.

REGULAR AGENDA

990252 [Living Wage Ordinance] **Supervisors Ammiano, Bierman**

Hearing to consider the need for a living wage ordinance and what kind of living wage ordinance would be best for the City and County of San Francisco.

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Father Peter Sammon; Nettie Ceasar; Danny Elvena; Bernadine Emperodor; Garth Gandy, People Organized for Employment Rights (POWER); Martina Gills; Josie Moonie; Bob Planthold; Nancy Lewis, RN; Lucille Flato; Khilil Ali; Lester Martin; Darriel Loggins; Arthur Campagna; Hank; Robert Boileau; Jim Illig; Pat Breslin; Shirlley Bierly, Council for Older Americans; David Novogrodsky; Julia Lopez; Sam Sui; Garrett Jenkins; Frederick Hobson; Milissa Bowen; Mikki Ellis; Stan Thomson, POWER; Raymond Liu; Walter Johnson, S.F. Labor Council; Rand Quinn, Coalition for Immigrant Rights; Richard Klinke; Jonathan Beauer; Charles Andrew; Ricardo Brooks Alba; Richard Ow; Dorothy James; Ed Williard; Marvin Warren; Fred Pecker; Dennis Kelly; Tim West; Denise D'Anne; Dawn Moore; Alma Santana; Criss Romero, Harvey Milk Democratic Club; Bill Price, President Senior Action Network; Erlinda Villa; Anna Sanchez; Richard Leung; Kent Mitchell; Jonathan Perez, Steven Curria; Margaret Hanlon-Gradie. Supervisor Bierman added as cosponsor. Continued to March 18, 1999.

CONTINUED by the following vote:

Ayes: 2 - Bierman, Ammiano
Absent: 1 - Yee

ADJOURNMENT

The meeting adjourned at 12:10 p.m.

City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Wednesday, March 10, 1999 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

254

Members Present: Leland Y. Yee, Tom Ammiano.

Members Absent: Sue Bierman.

/99

Meeting Convened

The meeting convened at 10:06 a.m.

REGULAR AGENDA

981443 **[Taxi Permit Fee Adjustments]** **Supervisor Newsom**

Ordinance amending Police Code Sections 2.26.1 and 2.27.1 to adjust permit and license fee schedules for motor vehicles for hire and to give a 50-percent discount for four years on permit fees for taxicabs and ramped taxicabs operating on compressed natural gas and amending Sections 1080, 1088 and 1125 to include fees authorized by those sections in permit and license fee schedules for motor vehicles for hire.

(Amends Sections 2.26.1, 2.27.1, 1080, 1088, and 1125.)

8/24/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 9/23/1998.

1/25/99, TRANSFERRED to Finance and Labor Committee.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990186 **[Lease Amendment, Airport - U.S. Postal Service]**

Resolution approving First Amendment to lease of Airmail Field Post Office for increase in acreage and adjustment to rental to allow for expansion of the airmail facility between United States Postal Service and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

2/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros, Airport; Supervisor Ammiano; Supervisor Yee. Amended to allow retroactive approval to July 8, 1998; new title.

AMENDED.

Resolution approving retroactive to July 8, 1998, First Amendment to lease of Airmail Field Post Office for increase in acreage and adjustment to rental to allow for expansion of the airmail facility between United States Postal Service and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990206 **[Airport Revenue Bonds]**

Resolution approving the issuance of up to $165,000,000 additional aggregate principal amount of San Francisco International Airport Second Series Revenue Bonds for the purpose of financing or refinancing certain infrastructure improvements at San Francisco International Airport, approving the substitution of a Letter of Credit for the San Francisco International Airport Commercial Paper Program, and approving the extension of the Airport's Refunding Bond authorization to April 30, 2003. (Airport Commission)

2/3/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros, Airport; Supervisor Yee.
RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990237 **[Police Sublease for Hunters Point Naval Shipyard]**

Resolution authorizing the Director of Real Estate to enter into an amended and restated sublease on behalf of the San Francisco Police Department with the San Francisco Redevelopment Agency for the continued use of Building 606 at the Hunters Point Naval Shipyard and adding thereto certain adjacent property for use as a helicopter landing pad. (Real Estate Department)

2/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tony DeLucchi, Real Estate Department; Captain Hettrick, Police Department.
RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990246 **[Appropriation, Dept. of Public Works]**

Ordinance appropriating and certifying $87,267, Department of Public Works, for a capital improvement project (Ashbury water storage tank) to cover ten percent (10%) overage as per Charter Section 7.203, providing for ratification of action previously taken, for fiscal year 1998-1999. (Controller)

2/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Patrick Rivera, Department of Public Works. Amended to correct amount of appropriation from "$87,267" to "$89,967"; new title.
AMENDED.

Ordinance appropriating and certifying $89,967, Department of Public Works, for a capital improvement project (Ashbury water storage tank) to cover ten percent (10%) overage as per Charter Section 7.203, providing for ratification of action previously taken, for fiscal year 1998-1999. (Controller)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990256 **[Lease Amendment]**

Resolution authorizing a second amendment of a 40-year lease of Public Utilities land located in the City of Santa Clara for parking and landscaping to MELP VII L.P., lessee. (Public Utilities Commission)

2/11/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gary Dowd, Public Utilities Commission. Supervisor Ammiano; Richard Holmstrom, MELP VII L.P.
RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990271 [MOU, Electrical Workers, Local 6]

Ordinance implementing the provisions of an amendment to Article V.H. of the Memorandum of Understanding between the International Brotherhood of Electrical Workers, Local 6, and the City and County of San Francisco for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to March 24, 1999.

CONTINUED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990272 [MOU, Stationary Engineers, Local 39]

Ordinance implementing the provisions of an amendment to Article V.1. of the Memorandum of Understanding between the Stationary Engineers, Local 39, and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to March 24, 1999.

CONTINUED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990273 [MOU, Teamsters, Local 216]

Ordinance implementing the provisions of an amendment to Article IV.F. of the Memorandum of Understanding between the Building Material and Construction Teamsters, Local 216 and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to March 24, 1999.

CONTINUED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990274 [MOU, Transport Workers Union, Local 250A (7410)]

Ordinance implementing the provisions of an amendment to Article IV of the Memorandum of Understanding between the Transport Workers Union of America, AFL-CIO and the Transport Workers of America, Local 250A (7410 Automotive Service Workers), and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to March 24, 1999.

CONTINUED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990276 [MOU, Transport Workers Union, Local 250A (9163)]

Ordinance implementing the provisions of an amendment to Section 19 (Drug Treatment) of the Memorandum of Understanding between the Transport Workers Union of America, AFL-CIO and the Transport Workers of America, Local 250A (9163 Transit Operators and Related Trainee Classifications), and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to March 24, 1999.
CONTINUED by the following vote:
Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990277 [MOU, Laborers Union, Local 261]

Ordinance implementing the provisions of an amendment to Article IV.E. of the Memorandum of Understanding between the Laborers Union, Local 261 and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to March 24, 1999.
CONTINUED by the following vote:
Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990278 [MOU, Glaziers and Glass Workers, Local 718]

Ordinance implementing the provisions of an amendment to Article IV.G of the Memorandum of Understanding between the Glaziers and Glass Workers, Local 718, and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to March 24, 1999.
CONTINUED by the following vote:
Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990279 [MOU, Automotive Mechanics, Local 1414]

Ordinance implementing the provisions of an amendment to Article IV.J of the Memorandum of Understanding between the Automotive Mechanics Union Lodge No. 1414, and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to March 24, 1999.
CONTINUED by the following vote:
Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

ADJOURNMENT

The meeting adjourned at 10:40 a.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

March 5, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: March 10, 1999 Finance and Labor Committee Meeting

Item 1 - File 98-1443

Department: Police Department

Item: Ordinance amending Article 1, Chapter VIII, Part II of the San Francisco Municipal Code (Police Code) by (1) amending Sections 2.26.1 and 2.27.1, to adjust permit and license fees for the operation of motor vehicles for hire and to provide a 50 percent discount for four years on permit fees for taxicabs and ramped taxicabs operating on compressed natural gas; and amending Article 16, Divisions I and II; (2) amending Sections 1080 and 1088, to require approval for fees in these sections from the Board of Supervisors; and, (3) amending Section 1125, to include the existing fees for taxicab color scheme permits and the proposed fee for taxicab color scheme renewals (authorized by these sections) in the permit and license fee schedules for motor vehicles for hire.

Description: **Section 2.26.1** of the Police Code currently imposes 11 types of filing fees specifically related to applications for Motor Vehicle for Hire permits, which range from a permit application filing fee of $53 for a jitney bus driver to a permit application filing fee of $347 for a taxicab radio dispatch service. Such permit application filing fees

are collected on a one-time basis by the Police Department.

The proposed ordinance would (1) increase the permit application filing fees for five of the 11 Motor Vehicle for Hire permits and (2) transfer four filing fees from a list of fees charged directly by the Police Commission to the schedule of filing fees for Motor Vehicle for Hire permits in the Police Code. Attachment I, provided by Officer Farrell Suslow of the Police Department, contains the list of existing filing fees, the proposed filing fee increases, the proposed fee transfers and the dollar and percentage increases for each proposed fee change.

Permit application filing fees are designed to cover the cost of all administrative and investigative work of the Police Department and other City departments, including the Fire Department (SFFD), Department of Public Health (DPH), the Department of Parking and Traffic (DPT), and the Department of City Planing (DCP), for processing permit applications, whether or not the permits are ultimately granted. The costs of these departments are included in the permit application filing fee charged by the Police Department. The fees are collected by the Police Department and the fee proceeds are allocated to the departments that provide services related to processing the specific type of permit application for which the filing fee was collected.

Officer Suslow reports that permit application filing fees were last increased in June of 1996 (File No. 121-96-7). According to Officer Suslow, since this last fee increase, the Police Department placed additional emphasis on investigations of existing Motor Vehicle for Hire permits and thus, hired four full-time Police personnel between October of 1996 and June of 1998 to aide in such investigations. Attachment II is a letter, provided by Officer Suslow, explaining the Police Department's need to increase filing fees in order to cover the cost of increased Police staff already in place.

Approval of the proposed ordinance would also amend Section 2.26.1 of the Police Code by adding a provision to allow for a 50 percent credit against the permit

application filing fee for each taxicab or ramped taxicab operating on compressed natural gas. According to the proposed legislation, such credit for compressed natural gas vehicles will expire on January 1, 2003.

Section 2.27.1 of the Police Code currently imposes 10 types of annual license fees specifically related to Motor Vehicle for Hire permits, which range from $29 per year for a public passenger vehicle driver to $346 for a taxicab radio dispatch service. Such annual license fees are payable to the Tax Collector for permits issued by the Police Department.

The proposed ordinance would (1) increase the annual license fees for four of the 10 Motor Vehicle for Hire permits and (2) add one new annual license fee to the schedule of Motor Vehicle for Hire permits. Attachment I, provided by Officer Suslow, contains the existing license fees, the proposed license fee increases, the new license fee and the dollar and percentage increases for each proposed fee change.

As with permit application filing fees, annual license fees are designed to cover the cost of administrative and investigative work of the Police Department and other City departments, necessary to administer the licensing program. Officer Suslow advises that such costs are primarily incurred by the Police Department.

Officer Suslow reports that annual license fees were last increased in June of 1996 (File No. 121-96-7). According to Officer Suslow, as with permit application filing fees, the increased revenues from the proposed annual license fees and from the additional license fee for the renewal of a taxicab color scheme would be used to cover the cost of four full-time Police Department personnel hired between October of 1996 and June of 1998 to assist primarily in investigations of Motor Vehicle for Hire permits.

Approval of the proposed ordinance would also amend Section 2.27.1 of the Police Code by (1) increasing the amount of a credit (from $208 to $220) allowed against the license fee for each licensed taxicab operator who agrees to participate on a daily basis throughout the

permit year in the Paratransit Program and (2) adding a provision to allow for a 50 percent credit against the filing fee for each taxicab or ramped taxicab operating on compressed natural gas. According to the proposed legislation, such credit for compressed natural gas vehicles will expire on January 1, 2003.

Section 1080 of the Police Code authorizes the Police Commission to set permit application filing fees for the operation of motor vehicles for hire. Such fees are used by the Police Department and other City departments to cover the costs of investigating and processing the application for each permit.

The proposed ordinance would amend Section 1080 of the Police Code to provide that such fees for Motor Vehicle for Hire permits be approved by the Board of Supervisors (see Comment No 1).

Section 1088 of the Police Code requires the Police Department to issue a metallic medallion for each Motor Vehicle for Hire permit issued by the Police Department. During all hours of operation of a motor vehicle for hire, the medallion must be placed in the lower right hand corner of the windshield in such a manner that the serial number is clearly visible from the exterior of the vehicle. Presently, the fee for a metallic medallion is paid once each calendar year in an amount determined annually by the Police Commission. Such fee is payable to the Police Department to cover the costs of producing and processing each metallic medallion.

The proposed ordinance would amend Section 1088 of the Police Code to provide that such fees for the metallic medallions be approved by the Board of Supervisors.

Section 1125 of the Police Code requires that upon the issuance of a taxicab permit by the Police Department, every taxicab permittee is required either to adopt an existing taxicab color scheme (i.e. join a particular taxicab company with exclusive rights to a distinguishing taxicab color scheme) or to establish a new taxicab color scheme; in which case, the permittee holds exclusive rights to the

use of such taxicab color scheme. Taxicab color schemes in turn require approval from the Chief of Police.

The proposed ordinance would amend Section 1125 of the Police Code to provide that the fees for taxicab color scheme permits, as well as the proposed fees for taxicab color scheme changes and color scheme renewals, be approved by the Board of Supervisors.

Comments:

1. Mr. Thomas Owen of the City Attorney's Office advises that if the proposed ordinance is approved, the Police Code would be amended to include a provision authorizing the Board of Supervisors to approve fees imposed by the Police Department. Mr. Owens explains that the Police Code presently does not reflect the fact that the Board of Supervisors is already approving such fees for Motor Vehicle for Hire permits in accordance with the City's Charter.

2. The proposed ordinance incorrectly refers to the fee for a metallic medallion as a metal medallion. The proposed ordinance should be amended to properly identify that this fee is for a metallic medallion and not a metal medallion.

3. According to Officer Suslow, the Police Department collects approximately $500,000 per year in existing permit application filing fees and annual license fees, as identified in Attachment I of this report. According to Officer Suslow, the revised fees and the one new fee would generate estimated additional revenues to the City of $500,000 annually. Officer Suslow therefore estimates that the Police Department would realize total fee revenues of an estimated $1,000,000 annually if the proposed ordinance is approved. Attachment III is a memo, provided by Officer Suslow, containing the estimated annual fee revenue data.

Recommendations:

1. Amend the proposed ordinance by substituting the term "metal" medallion with "metallic" medallion in accordance with Comment No. 2 of this report.

2. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

Notes	Type of Permit	Existing Fees	Proposed Fees	Transferred Fees	Dollar Increases	Percentage Increases
1	Color Scheme, New			2500		
2	Color Scheme Change	68	125		57	84%
	Interurban Bus	268				
	Jitney Bus Driver	53				
	Jitney Bus Owner	268				
	Limousine	268				
3	Metal Medallion			25		
3	Lost Medallion			150		
	Motorized Rickshaw	268				
4	Public Convenience & Necessity Application			200		
	Public Passenger Vehicle Driver	53	65		12	23%
	Ramped Taxicab	277	325		48	17%
	Sightseeing Bus	268				
	Taxicab	268	450		182	68%
	Taxicab Radio Dispatch Service	347	2500		2153	620%

ANNUAL LICENSE FEES

Type of Permit	Existing Fees	Proposed Fees	New Fees	Dollar Increases	Percentage Increases
Color Scheme, Renewal			2500		
Interurban Bus	277				
Jitney Bus Driver	58				
Jitney Bus Owner	277				
Limousine	277				
Motorized Rickshaw	277				
Public Passenger Vehicle Driver	29	40		11	38%
Ramped Taxicab	138	175		37	27%
Sightseeing Bus	277				
Taxicab Radio Dispatch Service	346	2500		2154	622%
Taxicab	346	550		204	59%

1. The Police Code requires that upon the issuance of a taxicab permit by the Police Department, every taxicab permittee is required either to adopt an existing taxicab color scheme (i.e. join a particular taxicab company with exclusive rights to a distinguishing taxicab color scheme) or to establish a new taxicab color scheme; in which case, the permittee holds exclusive rights to the use of such taxicab color scheme.

2. A taxicab permittee may change taxicab color schemes after receiving approval from the Chief of Police.

3. The Police Code requires that upon the issuance of a Motor Vehicle for Hire permit by the Police Department, the Police Department must also issue a metallic medallion with the permit. During all hours of operation of a motor vehicle for hire, the medallion must be placed in the lower right hand corner of the windshield in such a manner that the serial number is clearly visible from the exterior of the vehicle.

3. A Lost Medallion is an application for replacement of a metallic medallion that has been lost.

4. Public Convenience & Necessity Application is a request for a hearing before the Police Commission to consider the issuance of a Motor Vehicle for Hire permit.

Attachemnt II

POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO
THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103

FRED H. LAU
CHIEF OF POLICE

September 18, 1998

Mr. Gabriel Cabrera
Budget Analyst Office
1390 Market St. Suite 205
San Francisco, CA 94102

Dear Mr. Cabrera:

During our September 17, 1998 telephone conversation you requested that I send you a letter providing information regarding the Board of Supervisors' proposal to change permit and licensing fees for the Taxicab Industry. Hopefully, the following responses will suffice for your analysis.

Your first request was for a list of both the existing and proposed fees. Both the existing and proposed fees are listed in the draft ordinance. However, I'm sending you a rough draft worksheet from last year that also exhibits the fees.

Primarily you requested an explanation of how the fee changes were calculated. In past years fee changes were calculated by simply adding whatever percentage increase was attributable to salary and benefit increases. However, since the last fee increase in 1996 our overall enforcement focus, as well as our staffing level has dramatically changed. In particular we have shifted much of our focus for investigations and enforcement by placing additional emphasis on investigations relating to "Permit Holders", "Color Schemes" and "Radio Dispatch Services".

The fees currently before the "Board" were derived by calculating our total costs and then raising the fees to equal our costs. Certain fee recommendations such as the "Color Scheme" and "Radio Dispatch Service" fees are projected to rise disproportionately as part of an effort to allocate costs more accurately to specific functions. Previous fee calculations tended to attribute all such costs within the "Permit Holder" fees.

Overall, the additional revenue generated by this package of fee increases will cover the cost of increased staffing already in place.

Sincerely,

Officer Farrell Suslow
Taxicab Detail

09/24/98 10:14

POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO
THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103

FRED H. LAU
CHIEF OF POLICE

September 24, 1998

Mr. Gabriel Cabrera
Budget Analyst Office
1390 Market St. Suite 205
San Francisco, CA 94102

Dear Mr. Cabrera:

During our September 22, 1998 telephone conversation you requested that I send you a letter providing information regarding the Board of Supervisors' proposal to change permit and licensing fees for the Taxicab Industry. Hopefully, the following responses will suffice for your analysis.

According to projections from the Controller's Office, our revenues from Taxicab Fees have been averaging approximately $500,000 per year for the past few years. The new proposed fees would generate slightly over $1,000,000 per annum. Total costs for staffing and expenses will also be at approximately $1,000,000 per annum.

The fee proposal includes only one truly new fee, "Color Scheme License Fee". This new few should account for approximately $25,000 of the new revenue. All other fees are either fees currently in the Police Code or fees being moved to the Police Code from the list of fees charged directly be the Police Commission.

Sincerely,

Officer Farrell Suslow
Taxicab Detail

Item 2 - File 99-0186

Department:	Airport Commission
Item:	Approving the First Amendment to the Lease of the Airmail Field Post Office between the United States Postal Service and the City and County of San Francisco, acting by and through its Airport Commission.
Effective Date of Lease Amendment:	July 8, 1998
Location:	San Francisco Airport Airmail Facility (Plot 10B)
Purpose of Lease:	The lease amendment allows the United States Postal Service to modernize and expand the Airmail Facility located at the Airport.
Lessor:	City and County of San Francisco
Lessee:	United States Postal Service (U.S. Postal Service)
No. of Sq. Ft. and Rental Rate Per Month:	The U.S. Postal Service currently leases Plot 10B, which consists of 234,788 square feet (or 5.39 acres) of space at the Airport at a rental rate of $0.113577 per square foot per month, or approximately $26,666 per month. In addition, the U.S. Postal Service currently has a permit (Permit No. 458) issued by the Airport to use an additional 97,573 square feet (or 2.24 acres) at the Airport (Plot 11B). Plot 11B is also rented at a rate of $0.113577 per square foot per month, or approximately $11,082 per month. Thus, the Airport currently receives a total of approximately $37,748 per month from the U.S. Postal Service for 332,361 square feet (7.63 acres).

The proposed lease amendment would incorporate the 97,573 square feet (2.24 acres) currently utilized by the U.S. Postal Service under an Airport permit into the existing lease. In addition, the U.S. Postal Service is requesting an additional 42,691 square feet (0.98 acres) for the renovation and expansion of the Airmail Facility. This additional 42,691 square feet would also be leased by the U.S. Postal Service at the rental rate of $0.113577 square

foot per month or approximately $4,849 per month. The Airport would therefore collect a total of $42,597 per month for a total of 375,052 square feet, to be defined as Plot F.

Annual Rent: The Airport currently collects $452,984 per year from the U.S. Postal Service, consisting of $320,000 for 234,788 square feet under the existing lease plus $132,984 for the 97,573 square feet under the permit. The annual rent would increase by approximately $58,185, from $452,984 to $511,169 per annum.

Term of Lease & Right of Renewal: The proposed lease amendment would be effective retroactive to July 8, 1998 (See Comment No. 1) through August 31, 2002 (approximately 4 years, 2 months). The existing lease also contains three options to renew for five years each, commencing on September 1, 2002 and extending the lease for a period of up to 15 more years (through August 31, 2017).

Description: According to Mr. Robert Rhoades of the Airport, the U.S. Postal Service's Airmail Facility at the Airport provides postal services to the airlines and the public. The U.S. Postal Service seeks to expand the Airmail Facility in an effort to modernize and increase airmail capacity due to increasing air traffic at the Airport. According to Mr. Rhoades, expansion plans, which will greatly increase the efficiency of mail handling operations, include modernization of equipment, expansion of truck loading docks and building modifications. The expansion of the facility, estimated by the Airport at a cost of $40 to $50 million, will be borne by the U.S. Postal Service.

Comments:

1. As noted above, the effective date of the amendment to the existing lease between the U.S. Postal Service and the Airport is July 8, 1998. As such, the proposed resolution should be amended to authorize approval of the lease amendment retroactive to July 8, 1998.

2. According to Mr. Rhoades, the proposed rental rate of $0.113577 per square foot per month represents the fair market rent for this property.

Recommendation: Amend the proposed resolution to authorize retroactive approval of the proposed lease amendment and approve the resolution as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 3 – File 99-0206

Department:	Airport
Item:	Resolution (a) approving the issuance of up to $165,000,000 additional aggregate principal amount of San Francisco International Airport Second Series Revenue Bonds (the "Revenue Bonds") for the purpose of financing or refinancing certain infrastructure improvements at San Francisco International Airport; (b) approving the issuance of a new letter of credit to replace an existing letter of credit which is expiring, in order to continue to secure the Airport's previously authorized Commercial Paper Program; and, (c) approving a 16-month extension of the Airport's authorization to issue up to $400,000,000 in Airport Revenue Refunding Bonds (the "Refunding Bonds") previously authorized by the Board of Supervisors.
Amount:	Not to exceed $165,000,000 in additional Revenue Bonds.
Source of Funds:	San Francisco International Airport Second Series Revenue Bonds.
Description:	**Additional Revenue Bond Authorization**

Section 4.115 of the Charter grants the Airport Commission (the "Airport") the authority to issue Revenue Bonds for Airport-related purposes, subject to the approval of the Board of Supervisors. Section 2.62 of the Administrative Code provides that such revenue bonds shall bear a rate of interest not to exceed that rate which may be set by the Airport, subject to the approval of the Board of Supervisors. The Airport has set a not-to-exceed interest rate of 12 percent in accordance with State bond regulations.

The proposed resolution would authorize up to $165,000,000 in new Revenue Bonds for the purpose of: (1) financing and refinancing the construction, acquisition, equipping and development of infrastructure projects of the Airport for projects separate from Master

Plan Projects (the "Infrastructure Projects"); (2) funding debt service reserves; and, (3) paying costs of issuance, including redemption premiums, and other related costs. Mr. Marcus Perro, Executive Financial Officer of the Airport, advises that these capital improvements are a part of the Airport Infrastructure Improvement Program and are not a part of the Airport's Master Plan. According to Mr. Perro, the Master Plan is a separate subset of the Airport's Five Year Capital Project Plan. The Capital Project Plan also includes the Airport Infrastructure Improvement Program and the Modernization and Revovation Program (all projects under the Modernization and Renovation Program were completed in 1981). The Board of Supervisors previously authorized the Airport to issue $220,000,000 in Revenue Bonds for Infrastructure Projects. With the proposed additional authorized amount, the total authorized amount of Revenue Bonds would be $385,000,000.

According to Mr. Perro, the proceeds of the proposed additional Revenue Bonds would be expended as follows:

North Terminal Renovation Program	$ 40,500,000
Expansion of International Terminal Concession Facilities	41,600,000
New North International Terminal Garage	37,500,000
Aviation Archives Project	4,000,000
Financing Costs*	41,400,000
Total	$165,000,000

* Financing costs includes $18,500,000 in costs of issuance (providing for a debt service reserve fund, underwriter's discount, and fees for financial advisors, bond counsel, rating agencies and financial printers) and $22,500,000 in capitalized interest (interest costs incurred before a project begins producing revenues for payment of debt service, and therefore paid from bond proceeds).

Attachment 1, provided by Mr. Perro, provides a program budget for each of the above items, totaling $165,000,000.

The Airport advises that the total debt service for the additional $165,000,000 in Revenue Bonds to be paid over a 30-year period would be approximately $340,586,670 based on an estimated interest rate of 5.5 percent. The

average estimated annual debt service would be approximately $11,352,889. Total interest payments over 30 years would be $175,586,670.

Letter of Credit

The Board of Supervisors previously approved the issuance of up to $400,000,000 aggregate principal amount of Airport Subordinate Commercial Paper Notes ("Commercial Paper"), secured by a letter of credit. Currently, approximately $161,235,000 in Commercial Paper debt is outstanding. The letter of credit for the Commercial Paper is due to expire on April 30, 1999. In order to maintain the current credit rating on the outstanding Commercial Paper, a replacement letter of credit must be obtained.

The proposed Resolution would authorize the Airport to enter into a new agreement with Societe Generale, providing for the terms and conditions of a letter of credit, and providing for the issuance of a replacement letter of credit by Societe Generale securing the payment of principal and interest on the Commercial Paper through April 14, 2002.

The Airport issued a Request for Proposals (RFP) for a replacement letter of credit on November 25, 1998, and received two proposals on December 17, 1998. Societe Generale quoted the lowest cost in its proposal, $784,622.47 per year, and was selected to provide the letter of credit. Attachment 2, provided by Mr. Perro, contains the amounts proposed by each of the two firms that responded to the RFP for the letter of credit.

Extension of Refunding Bond Authority

On July 20, 1998, the Board of Supervisors authorized the Airport to issue, from time to time, on or before December 31, 2001, up to $1,400,000,000 in Refunding Bonds, pursuant to Resolution No. 583-98, of which $400,000,000 was in connection with the Airport's Commercial Paper Program. The Refunding Bonds were originally intended to refinance, if necessary or desirable in order to effect

debt service savings, any outstanding debt, including Commercial Paper debt, on a long-term basis.

The proposed resolution would extend the authorization for issuance of the Refunding Bonds for 16 months, from December 31, 2001, to April 30, 2003. Societe Generale has requested this extension as a condition of issuing the replacement letter of credit. Societe Generale requires that the Airport have refunding authority covering the entire term of the letter of credit, from April 14, 1999, through April 14, 2002, plus an additional 12 months to allow for any necessary refunding of Commercial Paper debt, to ensure that if the letter of credit is drawn upon, the Airport will be able to issue bonds to repay it.

Comment: All expenditures from (a) the proposed $165,000,000 in additional Revenue Bonds and (b) the $400,000,000 in Refunding Bonds authorized under this resolution, including bond issuance costs, would be subject to separate appropriation approval by the Board of Supervisors.

Recommendation: Approve the proposed resolution.

ATTACHMENT 1
INFRASTRUCTURE BOND AUTHORIZATION SUBMISSION
March 3, 1999

PROJECT	PROJECT COST ESTIMATE	DEBT SERVICE RESERVE & COSTS OF ISSUANCE [1]	CAPITALIZED INTEREST [2]	AUTHORIZATION REQUESTED
INTERNATIONAL TERMINAL CONCESSIONS PROGRAM	$41,600,000	$6,200,000	$7,500,000	$55,300,000
NORTH INTERNATIONAL TERMINAL GARAGE	$37,500,000	$5,600,000	$6,800,000	$49,900,000
AVIATION ARCHIVES PROJECT	$4,000,000	$600,000	$800,000	$5,400,000
NORTH TERMINAL RENOVATION PROGRAM, PHASE I	$40,500,000	$6,100,000	$7,400,000	$54,000,000
TOTAL	$123,600,000	$18,500,000	$22,500,000	$164,600,000
			AUTHORIZATION REQUEST ROUNDED TO:	$165,000,000

[1] FINANCING COSTS (FUNDING A DEBT SERVICE RESERVE, COSTS OF ISSUANCE) EQUAL 15% OF PROJECT COST.

[2] 2.5 YEARS' OF CAPITALIZED INTEREST AT 6.0% IS INCLUDED FOR "REVENUE-GENERATING" PROJECTS (CALCULATED ON SUM OF PROJECT COST PLUS FINANCING COSTS), COVERING UP TO 6 MONTHS FOLLOWING PROJECT COMPLETION, AS PERMITTED BY FEDERAL TAX LAW.

X:\BONDS\MAR99 INFRABOND

3/3/99

ATTACHMENT 2

COST COMPARISON FOR LETTER OF CREDIT PROPOSALS

Proposers	Annual Cost
Societe Generale	$ 784,622
Bayerische Landesbank and Morgan Guaranty Trust	$1,062,510

Item 4 – File 99-0237

Department:	Police (SFPD) San Francisco Redevelopment Agency (SFRA) Real Estate
Item:	Resolution authorizing the Director of Real Estate to enter into an amended Sublease on behalf of the SFPD with the SFRA, adding an adjacent 3.3 acre parcel for use by the SFPD as a helicopter landing pad.
Location:	Building 606 and an adjacent parcel – Hunters Point Naval Shipyard.
Purpose of Sublease:	Under an existing Sublease between SFRA, as sublessor, and SFPD, as sublessee, the following SFPD functions are housed at Building 606: Special Operations Bureau Crime Lab Property Control (evidence) "Air Marine" Helicopter Unit The proposed resolution would authorize the SFPD to sublease an additional 3.3-acre parcel (approximately 143,748 square feet) from SFRA for purposes of constructing a helicopter landing pad for the SFPD's helicopter unit, consisting of three operational helicopters which are not currently used. Additionally, the SFPD has four non-operational helicopters used for spare parts. Currently there is no helicopter landing pad at the Building 606 site and the SFPD is consequently unable to use its helicopters. According to Captain Tim Hettrick of SFPD, the SFPD has recently completed the necessary environmental impact assessments and hearings regarding the proposed landing pad site, and can now proceed with construction after securing a lease for the site.
Sublessor:	SFRA, which currently leases the Hunters Point Naval Shipyard property from the U.S. Department of the Navy (Navy).
Sublessee:	SFPD

Additional Rent per Month and per Year payable by SFPD to SFRA:

	Monthly	Annually
Rent under current Sublease	$18,000	$216,000
Changes under proposed amended Sublease:		
Additional Rent	11,100	133,200
Additional Cost for Common Area Maintenance	15,500	186,000
Additional Cost for Industrial Hygienist (Department of Public Health Work Order)	9,500	114,000
Credit for Police Security Services ($17,517) and Industrial Hygienist ($9,500)	(27,017)	(324,204)
Net Additional Rent	$9,083	$108,996
Net Rent under amended Sublease	$27,083	$324,996

The monthly rent under the existing sublease of 90,000 square feet of warehouse and office space is approximately $0.20 per square foot. Annual rent is approximately $2.40 per square foot. The proposed amended Sublease would add the 3.3 acre helicopter pad parcel (unimproved land) to the Sublease for a net additional cost of approximately $0.063 per square foot per month. Annual rent for the additional parcel is approximately $0.76 per square foot for 143,748 additional square feet.

The common area maintenance charges are costs imposed by the Navy to SFRA and passed on to SFPD under the terms of the amended Sublease. Under the terms of the Master Lease between the Navy, as lessor, and SFRA, as lessee, the Navy can increase the common area maintenance charges whenever its own costs increase, but according to Captain Hettrick the Navy will not increase such charges for the foreseeable future absent a renegotiation of the Master Lease.

According to Captain Hettrick, the $17,517 monthly credit for security services is compensation under the amended Sublease for the presence of SFPD personnel at Hunters Point Naval Shipyard and does not reflect any additional SFPD expenditure of funds or staff resources. The Industrial Hygienist, for which the SFPD will receive a monthly credit of $9,500, is required under an agreement between the SFPD and the Police Officer's Association to perform testing as long as the property around Building 606 site contains hazardous waste.

Escalation of Rent: Under the terms of the amended Sublease, the Annual Rent payable by the SFPD to the SFRA will continue to be increased annually by three percent or the percentage change in the Consumer Price Index for the San Francisco Bay Area, whichever is greater.

Utilities and Janitorial Services: All costs for utilities and janitorial services would continue to be the responsibility of the City.

Term of Amended Sublease: Approximately April 1, 1999 until June 30, 2002 (39 months).

Right of Renewal: None

Source of Funds: SFPD annual General Fund Budget.

Description: The SFPD currently subleases Building 606 under a Sublease with the San Francisco Redevelopment Agency (the "Agency") as previously approved by the Board of Supervisors under Resolution No. 317-97. As indicated above, the monthly rent under the proposed amended Sublease will be $27,083, an increase of $9,083 over the existing monthly rent for Building 606.

According to Captain Hettrick, the cost to construct the helipad will be approximately $203,000. Funding for the construction of the helipad has been previously approved by the Board of Supervisors as a capital improvement project in the SFPD FY 1996-97 budget.

Comment: According to Jess Myres of the Department of Real Estate, the proposed rental rate of $0.76 per square foot per year for the additional parcel reflects the lower limit of fair market value.

Recommendation: Approve the proposed resolution.

Item 5 – File 99-0246

Department: Department of Public Works (DPW)

Item: Supplemental appropriation ordinance in the amount of $87,267 to fund construction cost overruns, in accordance with Charter Section 7.203, associated with the repair work to the Auxiliary Water Supply System (AWSS) Ashbury Water Storage Tank Project, providing for ratification of actions previously taken.

Amount: $87,267 (see Comment No. 2)

Source of Funds: Previously appropriated funds from the sale of 1986 Fire Protection Systems Improvement General Obligation Bonds

Description: In November of 1986, San Francisco voters approved Proposition A for the issuance of $46.2 million in Fire Protection Systems Improvement General Obligation Bonds. These bonds were to finance the City's Auxiliary Water Supply System (AWSS). The AWSS is a system of reservoirs, cisterns, pipelines, pump stations and fireboats, used as a water supply source for fire protection in emergency situations.

In 1987, the City sold $31 million of Fire Protection Systems Improvement General Obligation Bonds and the remaining $15.2 million in 1991 for a total of $46.2 million. In March of 1996, the Board of Supervisors approved a Supplemental Appropriation of $3,907,900 from accrued interest earned on the Fire Protection Systems Improvement Bonds for four types of capital improvements: (1) repair and improvement of the Fireboat Phoenix, (2) installation of motorized AWSS Control Valves, (3) emergency repairs of AWSS facilities, and (4) repairs to AWSS Water Storage Tanks, including the subject AWSS Ashbury Water Storage Tank.

According to Mr. Patrick Rivera of the Department of Public Works (DPW), in March of 1998, the DPW awarded a construction contract, in the amount of $75,000, to TRINET Construction, Inc., the low bidder, for the replacement of the protective interior lining of the AWSS

Ashbury Water Storage Tank, located at 1234 Clayton Street. According to Mr. Rivera, DPW engineers incorrectly recorded the diameter of the tank at 28 feet which served as the basis for the bid amount of $75,000 submitted by TRINET Construction, Inc. During construction, TRINET Construction, Inc. discovered that the actual diameter of the tank was 56 feet and that therefore the actual square footage of work performed by TRINET Construction, Inc. on the tank increased by 5,975 square feet from 3,345 to 9,320 square feet. This resulted in a construction cost overrun of $97,467, consisting of $89,967 over the original bid amount plus a contingency of $7,500, resulting in a total cost of $172,467, or approximately 130 percent in excess of the actual contract bid amount of $75,000.

Comments:

1. According to Mr. Rivera, the construction cost overrun of $97,467 was already paid by DPW to the contractor from (1) previously released 1986 Fire Protection Bond monies in the amount of $44,500 and (2) previously appropriated 1986 Fire Protection Bond monies and interest earnings, in the amount of $52,967, from various projects that were completed at less than their estimated construction contract amounts. However, because Section 6.6 of the Administrative Code requires that expenditures of more than 10 percent above the estimated amount of the contract be authorized by a supplemental appropriation, the DPW needs approval by the Board of Supervisors of the proposed supplemental appropriation ordinance.

2. The proposed ordinance incorrectly requests $87,267 to cover the construction cost overrun associated with the repair work to the AWSS Ashbury Water Storage Tank. As noted above, the construction cost overrun totaled $97,467, consisting of $89,967 over the original bid amount plus a contingency of $7,500. According to Mr. Randy Parent of the City Attorney's Office, the correct amount of this request should be $89,967 because the DPW was previously authorized to expend the contingency of $7,500 under the terms of the original construction contract. Therefore, the proposed ordinance should be amended to appropriate the correct amount of $89,967, instead of $87,267.

Recommendation: In accordance with Comment No. 2 above, amend the proposed ordinance to appropriate the correct amount of $89,967, instead of $87,267, and approve the proposed ordinance as amended.

Item 6 – File 99-0256

Department: Public Utilities Commission (PUC)

Item: Resolution authorizing a second amendment of a 40-year lease of PUC land located in the City of Santa Clara for parking and landscaping to MELP VII L.P., lessee.

Location: A portion of Parcel 144 of Bay Division Pipeline Nos. 3 and 4 right of way, in Santa Clara, California.

Purpose of Lease: To provide space for parking and landscaping to the lessee, MELP VII L.P.

Lessor: City and County of San Francisco

Lessee: MELP VII L.P.

No. of Sq. Ft. and Cost Per Month: The leased parcel is 0.346 acres, or approximately 15,072 square feet, at a current rate of $1,446.92 per month, or approximately $0.096 per square foot.

Annual Cost: The current annual lease rate is $17,363.04.

Utilities and Janitor Provided by Lessee: The services to the subject land are to be provided by the lessee, MELP VII L.P.

Term of Lease: The term of the existing lease is 40 years, from August 1, 1977 through July 31, 2017. The proposed second amendment would extend the term of the lease by 22 years, to January 31, 2039.

Right of Renewal: None

Description: The City and County of San Francisco, acting by and through the PUC, currently leases approximately 0.346 acres of land to MELP VII L.P., a Limited Partnership, pursuant to a 40-year ground lease currently due to terminate on July 31, 2017. The subject City-owned land is adjacent to an office building owned by MELP VII L.P. and is used for parking and landscaping purposes. On July 29, 1998, the Board of Supervisors approved a first amendment to the lease under which the then-current

lessee, Larvan properties, assigned the lease to MELP VII L.P. and the lease rate was adjusted to its present rate.

The lessee, MELP VII L.P., has requested that the term of the lease be extended for an additional 22 years until January 31, 2039. According to Mr. Gary Dowd of the PUC, MELP VII L.P. is attempting to obtain replacement, long term financing for its adjacent property, and lenders are requiring that MELP VII L.P. obtain the subject 22-year lease extension from the City. The subject City-owned land would continue to be used for parking and landscaping purposes.

In addition to extending the term by an additional 22 years through January 31, 2039, the proposed second amendment to the lease would provide that a rent reappraisal by the PUC, which under the existing lease terms is scheduled for March 12, 2007, and March 12, 2012, will also occur on March 12 each fifth year thereafter until the termination of the lease. Furthermore, when such reappraisals are made, instead of providing for a 20 percent discount from fair market value for unencumbered land (the value of the land absent the utility right of way) at the time of the reappraisal as is required under the existing lease, effective as of March 12, 2007, the proposed amendment to the lease would provide for a 10 percent discount from fair market value for the unencumbered land, effective as of March 12, 2007.

The lease will continue to provide that the PUC will determine fair market value at the time of reappraisal, and that the lessee has the right to challenge the reappraisal through various steps, the last of which provides that the PUC and the lessee would each select its own appraiser and the two appraisals would be averaged or, if they differ by more than 10 percent, the two appraisers would select a third appraiser who would determine which appraisal is closer to fair market value.

Comments:

1. Mr. Dowd of the PUC states that the property in question is of value only to the adjacent property owner, which is presently MELP VII L.P.

2. MELP VII L.P. will continue to pay the existing lease rate of $0.096 per square foot per month. According to Mr. Dowd, this existing lease rate reflects fair market value.

3. Attached to this report is a memo from Mr. Dowd explaining the proposed lease amendment and stating that "Staff strongly support the lease proposal."

Recommendations:

Given the fact that the lessee, for his own financing reasons, is requesting from the City a 22-year extension of an already existing lease, which would otherwise expire on July 31, 2017, the Budget Analyst believes that some additional consideration from the lessee should be obtained by the PUC beyond just granting the lessee a 10 percent discount from fair market value when the lease rate is reappraised instead of a 20 percent discount.

However, Mr. Dowd points out in his attached memorandum that PUC pipeline right of way could never be leased at full market value because of the many limitations and restrictions placed on its use.

Therefore, the Budget Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors.

Attachment
Page 1 of 2

CITY AND COUNTY OF SAN FRANCISCO
PUBLIC UTILITIES COMMISSION

WILLIE L. BROWN, JR., MAYOR

ANSON B. MORAN, GENERAL MANAGER

SAN FRANCISCO
WATER DEPARTMENT

HETCH HETCHY
WATER AND POWER

SAN FRANCISCO
CLEAN WATER PROGRAM

MEMORANDUM

TO: Finance and Labor Committee Members

FROM: Garrett M. Dowd, Director
San Francisco Public Utilities Commission (SFPUC)

DATE: March 3, 1999

SUBJECT: SECOND AMENDMENT OF A 40-YEAR LEASE OF SFPUC LAND LOCATED IN THE CITY OF SANTA CLARA FOR PARKING AND LANDSCAPING TO MELP VII L.P., LESSEE

Recommended Action

Authorizing Second Amendment of a 40-year Lease of SFPUC Land Located in the City of Santa Clara for Parking and Landscaping to MELP VII L.P., Lessee.

Background

On February 24, 1998, the SFPUC adopted Resolution 98-0033 approving an Assignment, Assumption and Amendment to Lease from Larvan Properties to MELP VII L.P. At that time, MELP VII L.P. agreed to an amendment of Lease to (i) increase the annual rental from $2,105.92 to $17,363.00 to reflect Fair Market Value with annual adjustments based on any increase of the Consumer Price Index (CPI); (ii) include the Domestic Partners Equal Benefits Ordinance; (iii) include the Pesticide Ordinance.

MELP VII L.P. has now requested a Second Amendment extending the term of the lease out forty (40) years from the date of the Second Amendment. This request was made based on the lessees desire to obtain certain financing for the adjacent improvement (see attached letter of March 2, 1999). On January 26, 1999, the SFPUC adopted Resolution 99-0026 (attached) approving the Second Amendment to Lease to MELP VII L.P. provided the rent reappraisals scheduled for March 12, 2007 and on March 12 each fifth (5th) year thereafter will be based on Fee Value less 10% to reflect the SFPUC's pipeline encumbrances on the land multiplied by an appropriate rate of return.

BUREAU OF COMMERCIAL LAND MANAGEMENT
1155 MARKET STREET, 5th FLOOR • SAN FRANCISCO • CALIFORNIA 94103 • (415) 487-5210 • FAX (415) 487-5200

Analysis/Reason for Recommendation

As discussed previously, the lease rate was brought current at the time of the First Amendment of February 1998; therefore, no rent adjustment is required at this time. This Second Amendment is advantageous to the City because it offers a guaranteed income stream for the next forty (40) years and allows the City to reappraise the rent based on a 10% discount from Fee Value on March 12, 2007 and every five (5) years thereafter. This 10% discount is a very aggressive approach to lease valuation in that most utility rights of way are valued at between 10% and 50% of Fee Value. In this particular case, the right of way is eighty (80) feet wide and no structures can be placed on or near the pipeline. These restrictions greatly affect the utility of the land and the SFPUC's ability to lease it yet the SFPUC is realizing a lease rate based on 90% of Fee Value. Staff strongly supports the lease proposal.

Fiscal Implications

None.

Attachment

cc: Gloria Young, Clerk of the Board
Jill Thompson, SFPUC

BUREAU OF COMMERCIAL LAND MANAGEMENT
1155 MARKET STREET, 5th FLOOR • SAN FRANCISCO • CALIFORNIA 94103 • (415) 487-5210 • FAX (415) 487-5200

Items 7, 8, 9, 10, 11, 12, 13, and 14 – Files 99-0271, 99-0272, 99-0273, 99-0274, 99-0276, 99-0277, 99-0278, and 99-0279

Departments: Department of Human Resources (DHR)
Department of Public Transportation (Muni)

Item: File 99-0271 – Ordinance implementing the provisions of an amendment to Article V.H of the Memorandum of Understanding (MOU) between the International Brotherhood of Electrical Workers, Local 6, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

File 99-0272 – Ordinance implementing the provisions of an amendment to Article V.I of the MOU between the Stationary Engineers, Local 39, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

File 99-0273 – Ordinance implementing the provisions of an amendment to Article IV.F of the MOU between the Building Material and Construction Teamsters, Local 216, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

File 99-0274 – Ordinance implementing the provisions of an amendment to Article IV of the MOU between the Transport Workers Union of America, AFL-CIO, and the Transport Workers of America, Local 250A (7410 Automotive Service Workers), and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

File 99-0276 – Ordinance implementing the provisions of an amendment to Section 19 (Drug Treatment) of the MOU between the Transport Workers Union of America, AFL-CIO, and the Transport Workers of America, Local 250A (9163 Transit Operator and Related Trainee Classifications), and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2000.

File 99-0277 – Ordinance implementing the provisions of an amendment to Article IV.E of the MOU between the Laborers Union, Local 261, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

File 99-0278 – Ordinance implementing the provisions of an amendment to Article IV.G of the MOU between the Glaziers and Glass Workers, Local 718, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

File 99-0279 – Ordinance implementing the provisions of an amendment to Article IV.J of the MOU between the Automotive Mechanics Union Lodge No. 1414, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

Description:

The Board of Supervisors previously approved legislation ratifying MOUs with eight labor organizations which represent various Muni employees as follows:

- International Brotherhood of Electrical Workers, Local 6
- Stationary Engineers, Local 39
- Building Material and Construction Teamsters, Local 216
- Transport Workers Union, Local 250A (7410 Automotive Service Worker)
- Transport Workers Union, Local 250A (9163 Transit Operator and Related Trainee Classifications)
- Laborers Union, Local 261
- Glaziers and Glass Workers, Local 718
- Automotive Mechanics Union Lodge No. 1414

All eight of these MOUs are currently in effect and expire on June 30, 2001, with the exception of the MOU for the Transport Workers Union, Local 250A (9163 Transit Operator and Related Trainee Classifications), which expires on June 30, 2000.

The City presently has an Employee Assistance Program (EAP) for all City departments, administered by the Department of Public Health (DPH). In addition, each of the subject eight MOUs cited above required the establishment of an EAP within Muni to complement the existing federally mandated Substance Abuse Program, which requires drug testing for certain classes of Muni employees. Muni's Employee Assistance Program is designed to assist employees with problems that may affect their ability to perform their jobs. Employees who participate in Muni's EAP do so on a voluntary basis. Muni's EAP is intended to encourage employees to seek treatment for substance abuse, family problems, depression, stress and other problems, by offering employees information, guidance, referrals, counseling and follow-up services. Muni's EAP services are provided only to certain job classifications of Muni employees who are deemed to be "safety-sensitive".

The proposed ordinances would implement the provisions of an amendment to the EAP in each of the eight MOUs.

Comment: Muni has requested that the proposed ordinances be continued for one week, to the March 17, 1999 meeting of the Finance and Labor Committee, in order to provide more information to the Budget Analyst.

Recommendation: As requested by Muni, continue the proposed ordinances for one week to the March 17, 1999 meeting of the Finance and Labor Committee.

Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Wednesday, March 17, 1999 **10:00 AM** **City Hall, Room 263**

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Regular Meeting

Members Present: Leland Y. Yee, Tom Ammiano.

'99

Members Absent: Sue Bierman.

Meeting Convened

The meeting convened at 10:06 a.m.

REGULAR AGENDA

990243 **[Appropriation, District Attorney]**

Ordinance appropriating $118,932, District Attorney, of Federal and State Public Assistance to fund the Non Custodial Parent (NCP) Project that provides employment and training services to unemployed non custodial parents whose children are recipients of public assistance, for the creation of one (1) position for fiscal year 1998-1999. (Controller)

(Companion measure to File 990244.)

2/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst ; Edwina Young, Director, Family Support Bureau; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990244 **[Public Employment]**

Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999), reflecting the creation of one position (Class 8159 Family Support Investigator III), in the District Attorney's Office. (Department of Human Resources)

(Companion measure to File 990243.)

2/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst ; Edwina Young, Director, Family Support Bureau; Supervisor Ammiano. Amended to make position limited tenure, on line 11, change "N" to "L"; same title.

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990254 **[Reserved Funds, Fire Department]**

Hearing to consider release of reserved funds, Fire Department, (1992 Fire Protection Bond proceeds, Ordinance 430-96) in the amount of $300,000, for the purpose of funding the renovation work at Fire Station No. 28. (Public Utilities Commission)

2/11/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Wong, Department of Public Works.

APPROVED AND FILED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990445 **[Grant, Federal Funds, Lead Based Paint Hazard Control Program]** **Supervisor Bierman**

Resolution authorizing the Mayor (Director, Mayor's Office of Housing) to accept and expend a grant from the U.S. Department of Housing and Urban Development for lead-based paint hazard control in a total amount not to exceed $3,000,000 which include indirect costs of $30,000.

3/8/99, RECEIVED AND ASSIGNED to Public Health and Environment Committee.

3/11/99, TRANSFERRED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marsha Rosen, Director, Mayor's Office of Housing; Supervisor Ammiano. Amended on page 1, lines 5 and 20 to change "$30,000" to "$72,690"; on line 19 to reflect that all new positions created under the grant be "Limited Tenure"; new title.

AMENDED.

Resolution authorizing the Mayor (Director, Mayor's Office of Housing) to accept and expend a grant from the U.S. Department of Housing and Urban Development for lead-based paint hazard control in a total amount not to exceed $3,000,000 which include indirect costs of $72,690.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990280 **[MOU, Transport Workers Union, Local 250A (9163, Part-Time Operators]**

Ordinance implementing the provisions of an amendment to Section 16 (benefits for part-time operators) of the Memorandum of Understanding between the Transport Workers Union Local 250A (Classification 9163 and Related Trainee Classifications), to provide a maximum amount of $225 per month toward dependent health care coverage for permanent part-time employees who regularly work a minimum of twenty hours per payroll period and upon completion of one year of continuous service, and to provide that the City will pick up the employee's share of contribution to the applicable SFERS retirement plan for permanent part-time employees at a rate of: 2.5% following one day to six months of continuous service; 5% following six months to one year of continuous service; and 7.5% following one year of continuous service. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: John Ehrlick; Weston Hatch, Municipal Railway. Continued to March 24, 1999.

CONTINUED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990281 [MOU, Iron Workers, Local 377 (9346)]

Ordinance implementing the provisions of an amendment to Article 111.E of the Memorandum of Understanding between the International Association of Bridge, Structural Ornamental, Reinforced Iron Workers, Riggers and Machinery Movers, Local 377 and the City and County of San Francisco, providing for additional compensation for Port employees of the Maintenance Department in Classification 9346 Fusion Welder, who are assigned to work in watch-standing, maintenance and/or repair of container cranes for all hours actually worked in cranes at the crane site, effective July 1, 1999 through the remaining term of the Memorandum of Understanding. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Geoffrey Rothman, Human Resources.
RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990282 [MOU, Local 21 (9395)]

Ordinance implementing the provisions of an amendment to the Memorandum of Understanding between the International Federation of Professional and Technical Engineers, Local 21, AFL-CIO, and the City and County of San Francisco to provide a 6.25% internal adjustment for Class 9395, Assistant Rental Manager for the time period beginning July 1, 1999. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Geoffrey Rothman, Human Resources.
RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990371 [MOU, Local 21]

Ordinance implementing the provisions of an amendment to the Memorandum of Understanding between the International Federation of Professional and Technical Engineers, Local 21, AFL-CIO and the City and County of San Francisco to add Appendix B, entitled Schedules of Compensation, for informational purposes, and to add Appendix D, entitled Civil Service Provisions; Glossary, pursuant to Section VI.C of the Memorandum of Understanding, which provides for modifications by mutual consent of the parties. (Department of Human Resources)

2/24/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Geoffrey Rothman, Human Resources.
RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990372 [Compensation, Locals 790, 535, 250]

Ordinance implementing an agreement adjusting the compensation of certain classifications pursuant to the Memorandum of Understanding between the Service Employees International Union, AFL-CIO, Locals 790, 535, 250 and the City and County of San Francisco, to be effective July 1, 1999. (Department of Human Resources)

2/24/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Geoffrey Rothman, Human Resources; Supervisor Ammiano; John Ehrlick..
RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990374 [MOU, Locals 250, 535, 790]

Ordinance implementing the provisions of an amendment to the Memorandum of Understanding between the Service Employees International Union, Locals 250, 535 and 790 and the City and County of San Francisco by incorporating Appendix A, which was previously set forth in the Airport's Departmental MOU between SEIU, Local 790 and the City and County of San Francisco, and which provides for the Airport to pay the costs of additional laboratory tests. (Department of Human Resources)

2/24/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Geoffrey Rothman, Human Resources.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990410 [Unrepresented Employees Compensation, Fiscal Year 1999-2000] **Mayor**

Ordinance fixing compensation for persons employed by the City and County of San Francisco whose compensations are subject to the provisions of Section A8.409 of the Charter, in classes not represented by an employee organization, and establishing working schedules and conditions of employment and methods of payment, effective July 1, 1999.

(Fiscal impact.)

3/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to March 24, 1999.

CONTINUED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

ADJOURNMENT

The meeting adjourned at 10:38 a.m.

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City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Thursday, March 18, 1999 **6:00 PM** **City Hall, Room 263**

Special Meeting

Members Present: Leland Y. Yee, Tom Ammiano.

Members Absent: Sue Bierman.

Meeting Convened

The meeting convened at 6:04 P.M.

REGULAR AGENDA

990252 **[Living Wage Ordinance]** **Supervisors Ammiano, Bierman**

Hearing to consider the need for a living wage ordinance and what kind of living wage ordinance would be best for the City and County of San Francisco.

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/6/99, CONTINUED. Heard in Committee. Speakers: Father Peter Sammon; Nettie Ceasar; Danny Elvena; Bernadine Emperodor; Garth Gandy, People Organized for Employment Rights (POWER); Martina Gills; Josie Moonie; Bob Planthold; Nancy Lewis, RN; Lucille Flato; Khilil Ali; Lester Martin; Darriel Loggins; Arthur Campagna; Hank; Robert Boileau; Jim Illig; Pat Breslin; Shirlley Bierly, Council for Older Americans; David Novogrodsky; Julia Lopez; Sam Sui; Garrett Jenkins; Frederick Hobson; Milissa Bowen; Mikki Ellis; Stan Thomson, POWER; Raymond Liu; Walter Johnson, S.F. Labor Council; Rand Quinn, Coalition for Immigrant Rights; Richard Klinke; Jonathan Beauer; Charles Andrew; Ricardo Brooks Alba; Richard Ow; Dorothy James; Ed Williard; Marvin Warren; Fred Pecker; Dennis Kelly; Tim West; Denise D'Anne; Dawn Moore; Alma Santana; Criss Romero, Harvey Milk Democratic Club; Bill Price, President Senior Action Network; Erlinda Villa; Anna Sanchez; Richard Leung; Kent Mitchell; Jonathan Perez; Steven Curria; Margaret Hanlon-Gradie. Supervisor Bierman added as cosponsor. Continued to March 18, 1999.

Heard in Committee. Speakers: Rosie Byers, Homecare Worker; Ana Maria Loya, Director, LaRaza Centro Legal; Gary Atienza, Security Guard; Eric Mar, Director, Northern California Coalition for Immigrant Rights; Anuradha Mittal, Policy Director, Food First; Laura Trupin, UCSF; Steve Collier, Tenderloin Housing Clinic; Tom Van Dyke; Managing Director of Investments, U.S. Bank/Piper Jaffray; Dr. Rajiv Bhatia, Division of Population Health and Prevention, Department of Public Health; Bob Ow; Catherine Raza, Homecare Workers; Deirdre Keane, Full-time Student; Drica Schoenberger, John Hopkins; Mark Gleason; Mario Flores; Vera Haile, In-Home Supportive Services; Tim West, Local 1877; Bruce Allison, Disabled; Kay Walker, SEIU; David Giesen; Erin McClary; Conny Ford; Marylouise Lovett, Women's Forum; Mikki Ellis; Ron Dicks, Local 21; Wade Hudson; Blair Fuller, Writer; Elva Cross-Garrett, Local 535; Howard Williams, Bike Messenger; Cleve Farondi; Juan Flores; Erin Morra; Mr. Verrt, Taxicab Workers Union; Mrya Lopez; Mike Doolin, Rental Car Employee; Chris Romero, Harvey Milk Democratic Club ; Christine Gaddi, Student Union 205, City College of San Francisco; Rosana Majica; Bob Ulreich, Museum of Modern Art; Robert O'Malley; Elveta Stewart; Yolanda Catzalco; Elizabeth Boardman, Adult Day Health Center; Sally Buchman; Rua Graffis, Taxicab Driver; Eduardo Capillong; Louis Fiammetta; Reg O'Hare; Michael Butler; Security Guard; Daisy, Exoic Dancer's Alliance, Larry Edmund; Jason Broom.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

ADJOURNMENT

The meeting adjourned at 8:08 P.M.

City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Clerk: Mary Red

Wednesday, March 24, 1999 **10:00 AM** **City Hall, Room 263**

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Regular Meeting

Members Present: Leland Y. Yee, Tom Ammiano.

/99

Members Absent: Sue Bierman.

Meeting Convened

The meeting convened at 10:01 a.m.

REGULAR AGENDA

990241 **[Appropriation , Sheriff]**

Ordinance appropriating $1,307,516, Sheriff's Department, from the General Fund Reserve and $503,326 from salary savings to fund additional staffing at County Jail #3, add residential substance abuse treatment beds, fund increased food service and workers' compensation costs, and providing for the creation of 22 positions for fiscal year 1998-1999. (Controller)

(Fiscal impact; companion measure to File 990242.)

2/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michael Hennessey, Sheriff; Supervisor Yee; Supervisor Ammiano; Ted Lakey, Deputy City Attorney. Amendment of the Whole reflecting Budget Analyst recommendations, in addition to making all 19 positions limited tenure.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance appropriating $1,092,766, Sheriff's Department, from the General Fund Reserve and $521,687 from salary savings to fund additional staffing at County Jail #3, add residential substance abuse treatment beds, fund increased food service and workers' compensation costs, and providing for the creation of 19 positions for fiscal year 1998-1999; funding for these positions was the subject of previous budgetary denial. (Controller)

(Fiscal impact; companion measure to File 990242.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990242 **[Public Employment]**

Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999), reflecting the creation of twenty-two (22) positions (Class 8304 Deputy Sheriff) in the Sheriff's Office (Department of Human Resources)

(Fiscal impact; companion measure to File 990241.)

2/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Michael Hennessey, Sheriff, Supervisor Yee; Supervisor Ammiano; Ted Lakey, Deputy City Attorney. Amended to allow for the creation of 19 limited tenure positions; new title

AMENDED.

Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999), reflecting the creation of nineteen positions (Class 8304 Deputy Sheriff) in the Sheriff's Office. (Department of Human Resources)

(Fiscal impact; companion measure to File 990241.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990365 **[Contract Award Extension]**

Resolution approving Contract Modification No. 2 and granting extension of time for completion of Hetch Hetchy Contract No. HH-859, Moccasin-Newark Transmission Line Tower Painting, Phase II (Public Utilities Commission)

2/23/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Subhash Shastri, Public Utilities Commission. Amended to delete reference to the Board of Supervisors approving the extension of time for completion of Hetch Hetchy contract No. HH-859, new title

AMENDED.

Resolution approving Contract Modification No. 2, Moccasin-Newark Transmission Line Tower Painting, Phase II. (Public Utilities Commission)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990359 **[Children's Services Plan, 1999-2000]** **Mayor**

Resolution approving the Children's Services Plan (1999-2000) for the San Francisco Children's Fund.

2/22/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/24/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Deborah Alvarez-Rodriguez, Director, Department of Children, Youth & Their Families (DCYF), Supervisor Yee, Supervisor Ammiano. In Support: Norma Telson, Philipino American Council, Robert Gomez, Glide Memorial Church, Michael Funk, Director, Sunset Neighborhood Beacon Center; Marie Ciepiela, Director, OMI/Excelsior Neighborhood Beacon, Katie Brackenridge, Jamestown Community Center, Robert Uhrle, Samoan Community Development Center, Mitchell Sallazar, RAP, Mission District, John Osaki, Japanese Youth Council; Jim Richards, Columbia Park Boys & Girls Club; Mindy Linetsky. Amended to require that on or about July 15, 1999, the Department of Children, Youth and Their Families submit a detailed budget supporting the $700,000 allocation for evaluation services, including the identification of all outside consultants and nonprofit agencies, the amount allocated to each specific organization, and the estimated hours of service to be provided and the average hourly rates to be charged by each organization; same title.

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990272 **[MOU, Stationary Engineers, Local 39]**

Ordinance implementing the provisions of an amendment to Article V.1. of the Memorandum of Understanding between the Stationary Engineers, Local 39, and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/10/99, CONTINUED. Continued to March 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990271 **[MOU, Electrical Workers, Local 6]**

Ordinance implementing the provisions of an amendment to Article V.H. of the Memorandum of Understanding between the International Brotherhood of Electrical Workers, Local 6, and the City and County of San Francisco for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/10/99, CONTINUED. Continued to March 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990273 **[MOU, Teamsters, Local 216]**

Ordinance implementing the provisions of an amendment to Article IV.F. of the Memorandum of Understanding between the Building Material and Construction Teamsters, Local 216 and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/10/99, CONTINUED. Continued to March 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39. Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990274 [MOU, Transport Workers Union, Local 250A (7410)]

Ordinance implementing the provisions of an amendment to Article IV of the Memorandum of Understanding between the Transport Workers Union of America, AFL-CIO and the Transport Workers of America, Local 250A (7410 Automotive Service Workers), and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/10/99, CONTINUED. Continued to March 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39; Supervisor Ammiano

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990276 [MOU, Transport Workers Union, Local 250A (9163)]

Ordinance implementing the provisions of an amendment to Section 19 (Drug Treatment) of the Memorandum of Understanding between the Transport Workers Union of America, AFL-CIO and the Transport Workers of America, Local 250A (9163 Transit Operators and Related Trainee Classifications), and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

3/10/99, CONTINUED. Continued to March 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39; Supervisor Ammiano

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990277 [MOU, Laborers Union, Local 261]

Ordinance implementing the provisions of an amendment to Article IV.E. of the Memorandum of Understanding between the Laborers Union, Local 261 and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/10/99, CONTINUED. Continued to March 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39; Supervisor Ammiano

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990278 **[MOU, Glaziers and Glass Workers, Local 718]**

Ordinance implementing the provisions of an amendment to Article IV.G of the Memorandum of Understanding between the Glaziers and Glass Workers, Local 718, and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/10/99, CONTINUED. Continued to March 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990279 **[MOU, Automotive Mechanics, Local 1414]**

Ordinance implementing the provisions of an amendment to Article IV.J of the Memorandum of Understanding between the Automotive Mechanics Union Lodge No. 1414, and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/10/99, CONTINUED. Continued to March 24, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990373 **[MOU, Local 790]**

Ordinance implementing the provisions of an amendment to Section 32 of the Memorandum of Understanding between the Service Employees International Union, Local 790 and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2000. (Department of Human Resources)

2/24/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990317 **[MOU, Transport Workers Union, Local 200]**

Ordinance implementing the provisions of an amendment to Article IV of the Memorandum of Understanding between the Transport Workers Union of America, AFL-CIO and the Transport Workers of America, Local 200, and the City and County of San Francisco providing for an Employee Assistance Program through the expiration of the Memorandum of Understanding in 2001. (Department of Human Resources)

2/23/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Department of Human Resources; Ray Antonio, Transport Workers Union; Don Vincent, Local 39; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990280 **[MOU, Transport Workers Union, Local 250A (9163, Part-Time Operators]**

Ordinance implementing the provisions of an amendment to Section 16 (benefits for part-time operators) of the Memorandum of Understanding between the Transport Workers Union Local 250A (Classification 9163 and Related Trainee Classifications), to provide a maximum amount of $225 per month toward dependent health care coverage for permanent part-time employees who regularly work a minimum of twenty hours per payroll period and upon completion of one year of continuous service, and to provide that the City will pick up the employee's share of contribution to the applicable SFERS retirement plan for permanent part-time employees at a rate of: 2.5% following one day to six months of continuous service; 5% following six months to one year of continuous service; and 7.5% following one year of continuous service (Department of Human Resources)

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/17/99, CONTINUED. Heard in Committee. Speakers: John Ehrlick; Weston Hatch, Municipal Railway Continued to March 24, 1999.

Heard in Committee. Speakers Harvey Rose, Budget Analyst, Geoffrey Rothman, Human Resources, Employee Relations Division.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

990410 **[Unrepresented Employees Compensation, Fiscal Year 1999-2000]** **Mayor**

Ordinance fixing compensation for persons employed by the City and County of San Francisco whose compensations are subject to the provisions of Section A8.409 of the Charter, in classes not represented by an employee organization, and establishing working schedules and conditions of employment and methods of payment, effective July 1, 1999.

(Fiscal impact.)

3/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

3/17/99, CONTINUED. Continued to March 24, 1999.

Heard in Committee Speakers Harvey Rose, Budget Analyst, Geoffrey Rothman, Human Resources, Employee Relations Division.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Ammiano
Absent: 1 - Bierman

ADJOURNMENT

The meeting adjourned at 12 05 p m

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

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FAX (415) 252-0461

March 19, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: March 24, 1999 Finance and Labor Committee Meeting

Items 1 and 2 – Files 99-0241 and 99-0242

Department: Sheriff's Department

Items: **Item 1, File 99-0241:** Supplemental Appropriation Ordinance appropriating $1,307,516 from the General Fund Reserve and $503,326 from Excess Attrition Savings, for a total of $1,810,842, to fund (a) additional staffing at County Jail No. 3, (b) residential substance abuse treatment beds, (c) increased food service, and (d) workers compensation costs, and providing for the creation of 22 new positions for the Sheriff's Department.

Item 2, File 99-0242: Ordinance amending the 1998-99 Annual Salary Ordinance to reflect the creation of 22 new positions in the Sheriff's Department.

Amount and Source of Funds:

General Fund Reserve	$1,307,516
Excess Attrition Savings from Fringe Benefits in the Sheriff Department's FY 1998-99 Budget	503,326
Total Supplemental Appropriation Request	$1,810,842

Budget: The requested budget of $1,810,842, for the period from March 1, 1999 through June 30, 1999, is as follows:

Jones Case Settlement Agreement		
Permanent Salaries	$64,904	
Fringe Benefits	20,452	
Total – Jones Case Settlement Agreement		$85,356
Expansion of Residential Drug Treatment Program		
Professional Services:		
Contracts for 100 Additional Inmate Beds	$621,600	
Case Management Services	17,000	
Subtotal – Professional Services	$638,600	
Personnel:		
Overtime	$71,946	
Fringe Benefits	1,169	
Subtotal – Personnel	$73,115	
Total – Residential Drug Treatment Program		711,715
Projected Budgetary Shortfalls		
Materials and Supplies – Food Costs	$724,559	
Workers Compensation	289,212	
Total – Projected Budgetary Shortfalls		$1,013,771
Total Requested Funds		**$1,810,842**

Description: The proposed supplemental appropriation ordinance (File 99-0241) would appropriate $1,307,516 from the General Fund Reserve, plus $503,326 from higher than anticipated attrition savings in the Sheriffs FY 1998-99 budget, for a total of $1,810,842, to fund (a) the provisions of a proposed settlement agreement in the case Jones v. City and County of San Francisco, et al. regarding County Jail No. 3 (San Bruno Jail); (b) the expansion of the Residential Drug Treatment Program in order to reduce jail overcrowding; and (c) projected budgetary shortfalls in food and workers compensation costs.

The proposed ordinance (File 99-0242) would amend the Annual Salary Ordinance to reflect the creation of 22 new positions (1.85 FTE in FY 1998-99), as follows:

No. of Positions	FY 98-99 FTE	Class	Title	Biweekly Salary	Annual Salary
22	1.85	8304	Deputy Sheriff	$1,603 - $1,946	$41,838 - $50,791

The estimated annual cost of the 22 new positions would range from $1,178,158 at Step 1, including salaries of $920,436 and fringe benefits of $257,722, to $1,430,275 at Step 5, including salaries of $1,117,402 and fringe benefits of $312,873.

Jones Case Settlement Agreement ($85,356)

In May of 1991, an action was filed against the City (Jones v. City and County of San Francisco et al.) challenging that the conditions at County Jail No. 3 in San Bruno were in violation of constitutional requirements. After several years of litigation, a proposed settlement agreement has been reached that would result in dismissal of the plaintiff's action, so long as certain conditions are met by the City. These conditions include (a) the construction of a new jail facility; (b) the continuance of certain improvements made to County Jail No. 3 between July, 1997 and the present; and (c) improvements in the conditions at County Jail No. 3 on an interim basis, pending completion of a proposed new jail facility, estimated to be completed in late 2002. According to Ms. Joanne Hoeper of the City Attorney's Office, the proposed settlement agreement would not obligate the City to construct a replacement jail. Ms. Hoeper advises that if the City decided not to proceed with the construction of a new jail, the proposed settlement agreement would be set aside and the lawsuit would proceed. Ms. Hoeper reports that the proposed settlement agreement is expected to be submitted for approval to the Audit and Government Efficiency Committee of the Board of Supervisors at its meeting of April 6, 1999.

Ms. Hoeper further advises that the proposed new jail facility would be constructed through a design-build process, in which a developer team, consisting of a general contractor and an architect-engineer, would design, build and finance the new facility. The developer team would then lease back the facility to the City over an anticipated term of up to 50 years. The City would maintain and operate the facility and would pay rent, subject to annual appropriation by the Board of Supervisors, to the developer team. Funds totaling $3,062,750 have been

appropriated since FY 1996-97 to prepare an Environmental Impact Report, prepare specifications and criteria packages defining the scope of the project, and administer the project. In December, 1998, two of five design-build teams that had pre-qualified for the project submitted proposals. Ms. Hoeper advises that, because the design-build proposals are still under review, the cost of constructing and financing the replacement jail is not yet known. Ms. Hoeper anticipates that the highest-ranking proposal will be submitted to the Board of Supervisors for consideration by June 1, 1999.

The proposed supplemental appropriation ordinance would fund the implementation of one of the conditions included in the proposed settlement agreement. Specifically, the proposed settlement agreement states that, by June 30, 1999, the City must hire additional Deputy Sheriffs in order to ensure that one Deputy Sheriff is assigned to and physically present in each dormitory and occupied tier in County Jail No. 3 at all times when inmates are present.[1] As such, since County Jail No. 3 has 10 dormitories/tiers, all of which are currently occupied, there must be at least 10 Deputy Sheriffs on duty per eight-hour shift (on the midnight, day and swing shifts) to be able to staff each of the 10 dormitories/tiers on a 24-hour basis. The table below shows the current and proposed staffing levels, which, according to the Sheriffs Department, are needed to comply with the proposed settlement agreement for County Jail No. 3.

[1] Dormitories and tiers are the sections of the jail where inmate cells and beds are located. Dormitories are large rooms containing a number of inmate beds, while tiers are divided into individual inmate cells. County Jail No. 3 contains two dormitories on the second floor and two tiers of cells per floor on four other floors, for a total of two dormitories and eight tiers on five floors.

	Midnight Shift			Day Shift			Swing Shift			Total		
	Current	Proposed	Var.	Current	Proposed	Var.	Current	Proposed	Var.	Current	Proposed	Var.
No. of Deputies Working on Tiers	2	11	9	8	10	2	8	10	2	18	31	13
No. of Deputies Assigned to Other Duties at Jail #3	7	7	0	15	14	(1)	10	10	0	32	31	(1)
Total	9	18	9	23	24	1	18	20	2	50	62	12
Relief Factor*	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76
Subtotal	16	32	16	40	42	2	32	35	3	88	109	21
No. of Supervisors Assigned to Jail #3**	3	3	0	7	7	0	3	4	1	13	14	1
Total Staffing	19	35	16	47	49	2	35	39	4	101	123	22

* The relief factor, calculated by the Sheriffs Department, is based on actual attendance and is used to determine the number of employees needed to staff a post seven days per week.

** There is no relief factor for supervisors, as the Sheriffs Department does not backfill supervisory positions.

As shown in the table above, according to the Sheriffs Department, an additional 22 positions are needed in order to comply with the conditions of the proposed settlement agreement. Although the settlement agreement does not specify the actual number of Deputy Sheriffs required, the proposed supplemental appropriation ordinance (File 99-0241) and amendment to the Annual Salary Ordinance (File 99-0242) would provide for the creation of 22 new 8304 Deputy Sheriff positions. Budget details for this $85,356 request are as follows, assuming a hiring date of June 1, 1999:

Permanent Salaries ($1,341 biweekly* x 2.2 pay periods x 22 positions)	$64,904
Fringe Benefits (31.5 percent)	20,452
Total	$85,356

* This reflects the lower biweekly salary for 8302 Deputy Sheriff I positions of $1,341, which is in effect during the first 12 months of service. After 12 months, the salary increases to the biweekly rate of $1,603 for 8304 Deputy Sheriffs.

Expansion of Residential Drug Treatment Programs ($711,715)

The proposed supplemental appropriation ordinance (File 99-0241) includes $711,715 to expand the Sheriffs Residential Drug Treatment Program, as follows: (a)

$621,600 to fund an additional 100 inmate beds per day; (b) $17,000 for case management services; and (c) $73,115 for overtime and fringe benefits to provide supervision for the program.

The Sheriffs Department advises that the jail population has risen steadily during FY 1998-99, from an average monthly population of 1,935 inmates in January, 1998 to 2,113 inmates in February, 1999. According to Ms. Jean Mariani of the Sheriffs Department, this increased prison population results in part from an increase in the bail schedule on October 1, 1998, which reduced the number of prisoners released on bail by approximately 30 percent.

Of the 2,113 inmates in custody in February, 1999, an average of approximately 37 inmates per day were in the City's central intake facility. The balance of 2,076 inmates occupied beds in the County's seven jails. The Sheriffs Department reports that the rated capacity (i.e., the total number of jail beds) in the seven county jails is 2,004. Thus, as of February, 1999, there were 72 more inmates in the County's jails than there were beds available. As a result, according to the Sheriffs Department, some inmates must sleep on the floors in some of the jails.

In order to alleviate jail overcrowding, the Sheriffs Department has several alternative programs, such as the Home Detention and Residential Drug Treatment Program. The Sheriffs FY 1998-99 budget includes $956,800 in funding to contract for 44 residential drug treatment beds per day with six non-profit organizations, at an average cost of $60 per day for 365 days. In order to alleviate jail overcrowding, the Sheriffs Department is now requesting an additional $621,600 to phase in an additional 100 residential drug treatment beds, at an average cost of $60 per bed per day, between March 1, 1999 and June 30, 1999, as follows:

Month	No. of Days	No. of New Beds	Cumulative No. of Beds	Total Cost @ $60/ bed/ day
March	31	70	70	$ 130,200
April	30	10	80	$ 144,000
May	31	10	90	$ 167,400
June	30	10	100	$ 180,000
Total ,				$ 621,600

Therefore, in order to alleviate jail overcrowding, the Sheriff's Department advises that it would contract with the same six non-profit organizations to contract for the additional 100 residential drug treatment beds. Attachment I, provided by the Sheriff's Department, identifies the six non-profit organizations and the amounts to be allocated to each agency.

The Sheriff's Department is also requesting $17,000 for a sole source contract with Haight-Ashbury Free Clinics, a non-profit organization that currently provides jail psychiatric services to inmates in the City's jails through a contract with the Department of Public Health (DPH). Mr. Kevin Foster of the Sheriff's Department advises that the Sheriff's Department plans to contract directly with Haight-Ashbury Free Clinics on a sole source basis to provide case management services to inmates who are not in the jails but who are participating in the Residential Drug Treatment Program. This request of $17,000 would provide an estimated 696 hours of service at approximately $24 per hour for the period from March 1, 1999 through June 30, 1999. Mr. Foster advises that the contractor could serve approximately 15 percent of the inmates in the Residential Drug Treatment Program, or about 22 inmates per day (15 percent of the proposed 144 treatment beds per day). According to Mr. Foster, the reason for contracting with Haight-Ashbury Free Clinics on a sole source basis without further competitive bidding is that Haight-Ashbury Free Clinics, as DPH's existing contractor for jail psychiatric services, has expertise in providing psychiatric services to prisoners.

The Sheriff is also requesting $73,115 for overtime and fringe benefits for the equivalent of three Deputy Sheriffs

and one Senior Deputy Sheriff (a total of 4.0 FTEs) to provide supervision of inmates participating in the Residential Drug Treatment Program. A breakdown of this request for the period April 8, 1999 through June 30, 1999 (six pay periods), is as follows:

Overtime		
Deputy Sheriffs: 1,440 hours (240 hours/ pay period for six pay periods) @ approx. $36.49 per hour	$52,542	
Senior Deputy Sheriff: 480 hours (80 hours/ pay period for six pay periods) @ approx. $40.43 per hour	19,404	
Subtotal – Overtime		$71,946
Fringe Benefits (1.625 percent*)		1,169
Total		$73,115

* The City pays only Medicare and Unemployment Insurance on overtime wages.

Ms. Mariani advises that the Department is requesting funds to provide supervision of the Residential Drug Treatment Program on an overtime basis because it is uncertain at this time whether the Mayor's Office will fund the proposed expansion of this program beyond this fiscal year. Ms. Mariani advises that Department has requested the Mayor's Office include approximately $2,447,428 in its FY 1999-00 budget to continue the expanded program through FY 1999-00, including (a) $2,190,000 for the 100 extra drug treatment beds at $60 per day for 365 days, (b) $51,000 for the contract with Haight-Ashbury Free Clinics, and (c) $206,428 for three new Deputy Sheriff positions and one new Senior Deputy Sheriff position.

Projected Budgetary Shortfall in Materials and Supplies – Food Costs ($724,559)

The Sheriff's Department has contracted with Aramark Correctional Services since 1980 to provide meals for prisoners in the jails. The Sheriff's actual FY 1997-98 expenditures for food costs were $4,711,439. Based on (a) actual expenditures through January 15, 1999 of $2,433,972; (b) cost-of-living adjustments in Aramark's contract of 3.2 percent (effective August 8, 1998 for the

1997-98 fiscal year[2]) and 5.4 percent (effective November 1, 1998 for the 1998-99 fiscal year) and (c) the increased prisoner population, from 1,935 inmates in January, 1998 to 2,113 inmates in February, 1999, the Sheriffs Department estimates that total FY 1998-99 expenditures for food costs will be $4,850,000, or $724,559 more than its FY 1998-99 budget of $4,125,441. Thus, the Sheriff is now requesting $724,559 to fund its projected budgetary shortfall in food cost expenditures. The Budget Analyst has reviewed the Sheriffs actual and projected expenditures in Materials and Supplies – Food Costs and concurs with the Sheriffs analysis.

<u>Projected Budgetary Shortfall in Workers Compensation ($289,212)</u>

Based on actual expenditures through December 31, 1998 of $580,777, less adjustments for one-time costs of $16,136, the Workers Compensation Division of the Department of Human Resources (DHR) estimates that the Sheriffs total FY 1998-99 workers compensation expenditures will be $1,129,282. This amount is $289,212 more than the Sheriffs FY 1998-99 budget for workers compensation of $840,070. Thus, the Sheriff is now requesting $289,212 to fund a projected budgetary shortfall in workers compensation expenditures. The Budget Analyst has reviewed the Sheriffs actual and projected expenditures in Workers Compensation and concurs with the Sheriffs analysis.

Comments:

1. The proposed supplemental appropriation would be funded in part by $503,326 in Excess Attrition Savings from Fringe Benefit expenditures in the Sheriffs FY 1998-99 budget. The Budget Analyst has reviewed the Sheriffs most recent fringe benefit expenditure projections, as of March 5, 1999. The Sheriff is currently projecting a surplus of $521,687 in fringe benefit expenditures for FY 1998-99. The Budget Analyst concurs with the Sheriffs projections. As such, the Budget Analyst recommends (a) increasing the portion of the subject request to be funded by Excess Attrition Savings in the Sheriffs FY 1998-99 budget by $18,361,

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[2] Ms. Mariani reports that Aramark did not request the FY 1997-98 cost-of-living adjustment allowed in its contract until FY 1998-99.

from $503,326 to $521,687, and (b) reducing the portion of the subject request to be funded by the General Fund Reserve by $18,361, from $1,307,516 to $1,289,155.

2. During the FY 1998-99 budget process, the Sheriff's Department requested 22 new Deputy Sheriff positions (8.25 FTE for 4.5 months in FY 1998-99) in anticipation of a settlement agreement in the Jones case. Based on the recommendation of the Budget Analyst, this request for 22 new positions was denied by the Board of Supervisors, because a settlement had not been reached by the parties at that time. Therefore, in accordance with Administrative Code Section 3.15, the 22 new Deputy Sheriff positions that are now being requested would require two-thirds approval by the Board of Supervisors since the funding for these positions was the subject of previous budgetary denial.

3. The Budget Analyst has evaluated alternatives to adding the requested 22 new Deputy Sheriff positions, such as consolidating prisoners at Jail No. 3 in San Bruno and/or transferring a portion of the prisoners and staff from Jail No. 3 to the Naval Brig on Treasure Island. However, the Budget Analyst concurs with the Sheriff's assessment that these alternatives do not represent viable options at this time.

In October of 1997, the Board of Supervisors approved a supplemental appropriation ordinance in the amount of $1,699,955 (File 101-97-20) and an amendment to the Annual Salary Ordinance for the creation of 27 new positions (File 102-97-6), in order for the Sheriff's Department to renovate and staff the Naval Brig located on Treasure Island. Ms. Mariani reports that the renovations to the Brig, which will be able to house an estimated 140 prisoners, are expected to be completed by April, 1999. The Sheriff's Department had originally planned to open the Brig during FY 1998-99 by closing three of the five floors at Jail No. 3 and transferring approximately 240 prisoners from Jail No. 3 to the Brig and the City's other jails. The Sheriff's Department earmarked 66 positions in its FY 1998-99 budget, including 39 positions to be transferred from Jail No. 3

and the 27 positions created through the above-noted supplemental appropriation ordinance (Files 101-97-20 and 102-97-6), to staff the Treasure Island Brig. However, according to Ms. Mariani, transferring prisoners from Jail No. 3 to the Treasure Island Brig is not a viable option at this time due to (a) an insufficient number of personnel available to staff the Brig and (b) the overall increase in the prisoner population.

Ms. Mariani advises that, of the 66 positions needed to open the Treasure Island Brig, 20 are currently being held vacant in order to meet the Department's budgeted Attrition Savings. In addition, according to Ms. Mariani, if the Sheriff's Department were to close three floors at Jail No. 3 at this time, it would be able to transfer 39 personnel from Jail No. 3 to the Brig (as originally planned), but approximately 290 prisoners would have to be transferred out of Jail No. 3 to other jail facilities. Although the Treasure Island Brig could accommodate as many as 140 prisoners from Jail No. 3, Ms. Mariani advises that, because of the increased prisoner population, there is not sufficient excess capacity at the City's other jails to be able to absorb the remaining 150 prisoners that would have to be transferred out of Jail No. 3. Attachment II, provided by the Sheriff's Department, describes the Department's reasons for not transferring prisoners from Jail No. 3 to the Brig.

4. In response to an inquiry from the Budget Analyst, the Sheriff's Department provided additional information on the current and proposed minimum staffing requirements needed to comply with the proposed settlement agreement for Jail No. 3, which are summarized in the table below:

	Midnight Shift			Day Shift			Swing Shift			Total		
	Current	Proposed	Var.	Current	Proposed	Var.	Current	Proposed	Var.	Current	Proposed	Var.
Deputy Sheriff Posts:												
Tiers/ Dormitories	2	10	8	8	10	2	8	10	2	18	30	12
Escort/ Relief	2	3	1	2	2	0	2	2	0	6	7	1
Other Duties	4	4	0	11	10	(1)	7	7	0	22	21	(1)
Total Deputies	8	17	9	21	22	1	17	19	2	46	58	12
Supervisor Posts	1	1	0	2	2	0	1	1	0	4	4	0
Total - Min. Posts	9	18	9	23	24	1	18	20	2	50	62	12
Relief Factor	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76
Total Positions Required	16	32	16	40	42	2	32	35	3	88	109	21

As reflected in the table above, the actual minimum fixed post staffing needs for Jail No. 3 under the proposed settlement agreement requires the creation of 21 new positions. However, the Sheriff's Department is currently requesting 22 new positions in this supplemental appropriation request. The Budget Analyst therefore recommends against approval of one of the requested 22 new positions on this basis.

Additionally, the table above reflects the Sheriff's assessment that, under the proposed settlement, one additional Deputy Sheriff post would be needed to provide escort/relief during the midnight shift. The Budget Analyst disagrees with this assessment that one additional Deputy Sheriff post, for a total of three posts, is needed for escort/relief during the midnight shift, given that the Sheriff has determined that only two escort/relief posts are needed during the day and swing shifts, when there is more prisoner activity than there is during the midnight shift. As such, the Budget Analyst recommends against this one additional Deputy Sheriff post, which is the equivalent of two positions.

The Budget Analyst therefore recommends disapproval of three of the requested 22 new positions and recommends approval of 19 of the requested 22 new Deputy Sheriff positions. The Budget Analyst's recommended staffing level for Jail No. 3, necessary to comply with the proposed Jones settlement agreement, is shown in the table below:

	Midnight Shift			Day Shift			Swing Shift			Total		
	Current	Proposed	Var.	Current	Proposed	Var.	Current	Proposed	Var.	Current	Proposed	Var.
Deputy Sheriff Posts:												
Tiers/ Dormitories	2	10	8	8	10	2	8	10	2	18	30	12
Escort/Relief	2	2	0	2	2	0	2	2	0	6	6	0
Other Duties	4	4	0	11	10	(1)	7	7	0	22	21	(1)
Total Deputies	8	16	8	21	22	1	17	19	2	46	57	11
Supervisor Posts	1	1	0	2	2	0	1	1	0	4	4	0
Total - Min. Posts	9	17	8	23	24	1	18	20	2	50	61	11
Relief Factor	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.76
Total Positions Required	16	30	14	40	42	2	32	35	3	88	107	19

As reflected in the table above, the approval of these 19 new positions would still enable the Sheriff's Department to comply with the conditions of the Jones settlement that at least one Deputy Sheriff be present and on duty at all times on each tier/dormitory (of which there are a total of 10) at Jail #3 in San Bruno.

As such, the proposed supplemental appropriation ordinance should be reduced by $8,851, from $64,904 to $56,053, for permanent salaries, and by $2,789, from $20,452 to $17,663, for related fringe benefits, for a total reduction of $11,640. The annual on-going savings would be $192,776 at Step 5, including $152,373 in salaries and $40,403 in fringe benefits.

5. As noted above, the proposed supplemental appropriation ordinance assumes a start date of March 1, 1999 for the $621,600 request to expand the Residential Drug Treatment Program. The Budget Analyst recommends that this amount be reduced by $149,400, from $621,600 to $472,200, in order to reflect a start date of April 5, 1999, in accordance with the schedule below:

Month	No. of Days	No. of New Beds	Cumulative No. of Beds	Total Cost @$60/bed/day
April	26	80	80	$ 124,800
May	31	10	90	$ 167,400
June	30	10	100	$ 180,000
Total				$ 472,200

6. The proposed supplemental appropriation ordinance also assumes a start date of March 1, 1999 (8.7 pay periods) for the $17,000 request for a contract for case management services for inmates in the Residential Drug Treatment Program. The Budget Analyst recommends that this amount be reduced by $4,885, from $17,000 to $12,115, in order to reflect a start date of April 5, 1999 (6.2 pay periods).

7. According to Ms. Mariani, the request of $73,115 for overtime and fringe benefits for increased supervision of the Residential Drug Treatment Program assumes a start date of April 8, 1999 (6.0 pay periods) because the extra staff to supervise the program will not be needed until approximately 5.5 weeks after the start date for adding the 100 extra drug treatment beds. Since the Budget Analyst has recommended that the start date for adding the 100 extra drug treatment beds should begin on April 5, 1999 instead of March 1, 1999, as explained in Comments No. 5 and 6 above, the start date for the request for increased overtime should also be reduced by five weeks, from April 8, 1999 to approximately May 13, 1999. As such, the subject request should be reduced by (a) $29,977, from $71,946 to $41,969, for overtime, and (b) $487, from $1,169 to $682, for related fringe benefits, for a total reduction of $30,464, to reflect 3.5 pay periods rather than 6.0 pay periods.

8. The Budget Analyst's recommended reductions are summarized in the table below:

Program/Line Item	Requested Amount	Budget Analyst's Recommended Amount	Budget Analyst's Recommended Reduction	Basis for Recommendation
FUNDING USES				
Jones Case Settlement Agreement:				
Permanent Salaries	$ 64,904	$ 56,053	$ (8,851)	Position Reduction (see Comment No. 4)
Fringe Benefits	$ 20,452	$ 17,663	$ (2,789)	Position Reduction (see Comment No. 4)
Total - Jones Case Settlement Agreement	$ 85,356	$ 73,716	$ (11,640)	
Expansion of Residential Drug Treatment Program:				
Professional Services:				
Contracts for 100 Additional Inmate Beds	$ 621,600	$ 472,200	$ (149,400)	Start Date (see Comment No. 5)
Case Management Services	$ 17,000	$ 12,115	$ (4,885)	Start Date (see Comment No. 6)
Subtotal - Professional Services	$ 638,600	$ 484,315	$ (154,285)	
Personnel:				
Overtime	$ 71,946	$ 41,969	$ (29,977)	Start Date (see Comment No. 7)
Fringe Benefits	$ 1,169	$ 682	$ (487)	Start Date (see Comment No. 7)
Subtotal - Personnel	$ 73,115	$ 42,651	$ (30,464)	
Total - Expansion of Residential Drug Treatm	$ 711,715	$ 526,966	$ (184,749)	
Projected Budgetary Shortfalls:				
Materials & Supplies - Food Costs	$ 724,559	$ 724,559	$ -	
Workers Compensation	$ 289,212	$ 289,212	$ -	
Total - Projected Budgetary Shortfalls	$ 1,013,771	$ 1,013,771	$ -	
TOTAL FUNDING USES	**$ 1,810,842**	**$ 1,614,453**	**$ (196,389)**	
FUNDING SOURCES				
General Fund Reserve	$ 1,307,516	$ 1,092,766	$ (214,750)	Excess Attrition Savings (Comment No. 1)
Attrition Savings	$ 503,326	$ 521,687	$ 18,361	Excess Attrition Savings (Comment No. 1)
TOTAL FUNDING SOURCES	**$ 1,810,842**	**$ 1,614,453**	**$ (196,389)**	

As reflected above, the Budget Analyst is recommending $196,389 in reduced expenditures. Also, as noted in Comment No. 1 above, an additional $18,361 has been identified in Excess Attrition Savings from Fringe Benefit expenditures. Thus, the portion of the supplemental appropriation request to be funded by the General Fund Reserve should be reduced by $214,750, from $1,307,516 to $1,092,766.

9. The Sheriff's Department agrees with all of the Budget Analyst's recommendations, with the exception of the Budget Analyst's recommendation to disapprove three of the 22 requested new Deputy Sheriff positions. According to Ms. Mariani, two of these positions would provide relief on the midnight shift in order to (a) permit each Deputy Sheriff on duty to take a 45-minute lunch break; (b) provide sufficient staff to escort prisoners in need of

medical attention; (c) assure better evacuation during emergencies; and (d) improve escort coverage in early mornings (5:30 am) for prisoners who must appear in court. Ms. Mariani advises that the third position is needed as a supervisor during the swing shift. Attachment III, provided by the Sheriffs Department, is the Sheriffs response to the Budget Analyst's recommendations.

10. Based on the additional information provided by the Sheriffs Department, the Budget Analyst still does not believe that these three additional Deputy Sheriffs positions are needed. The Budget Analyst believes that the escort/relief duties described above do not warrant the creation of two new positions for the midnight shift, when most prisoners are sleeping. There are already two escort/relief Deputy Sheriff posts during the midnight shift, in addition to five other Deputy Sheriffs and three Supervisors who are on duty during the midnight shift and can assist in performing escort/relief duties. In addition, the Sheriffs request for an additional supervisor position during the swing shift is not reflected in the minimum staffing requirements provided by the Sheriff to the Budget Analyst's Office. The Budget Analyst believes that adding two Deputy Sheriff posts to the swing shift, as the Sheriff is proposing, does not warrant one additional supervisor position. The disapproval of this supervisor position would result in a supervisor to staff ratio of one supervisor for every seven Deputy Sheriffs, which is an acceptable ratio. As noted in Comment No. 4, the on-going savings from eliminating these three new requested positions would be $192,776 per year at Step 5, including $152,373 in salaries and $40,403 in fringe benefits.

Lastly, the Budget Analyst notes that the proposed settlement agreement does not specifically state that 22 additional Deputy Sheriff positions must be created. Instead, the proposed settlement states that one Deputy Sheriff must be present and on duty on all 10 of the occupied tiers and dormitories at all times. The Budget Analyst's recommended staffing levels, as shown in the second table under Comment No. 4, meet this requirement. Ms. Hoeper concurs that the proposed settlement agreement does not anywhere specify the need

for 22 new Deputy Sheriff positions, and reports that the City Attorney's Office has relied on the Sheriff's Department to determine the number of positions needed to meet the provisions of the settlement.

Recommendations:

1. Amend the proposed supplemental appropriation ordinance (File 99-0241) to reflect that the funding for the 22 requested new positions was the subject of previous budgetary denial.

2. Reduce the amount of the proposed supplemental appropriation ordinance (File 99-0241) by $196,389, from $1,810,842 to $1,614,453, in accordance with Comment No. 8 above.

3. Increase the amount of the proposed supplemental appropriation ordinance (File 99-0241) to be funded by Excess Attrition Savings by $18,361, from $503,326 to $521,687, and reduce the amount to be funded by the General Fund Reserve by $214,750, from $1,307,516 to $1,092,766.

4. Approve the proposed supplemental appropriation ordinance (File 99-0241), as amended.

5. Amend the proposed amendment to the Annual Salary Ordinance (File 99-0242) by deleting three new 8304 Deputy Sheriff positions. We recommend approval of 19 new Deputy Sheriff positions.

6. Approve the proposed amendment to the Annual Salary Ordinance (File 99-0242), as amended.

San Francisco Sheriff's Department

INTER-OFFICE CORRESPONDENCE

TO:	Sheriff Hennessey Assistant Sheriff Marcum	February 2, 1999 Ref: 99-022
FROM:	Kevin Foster *K. Foster*	
RE:	Residential County Parole Beds - Currently Funded and Proposed Expansion	

Our current budget for fiscal year 1998/99 allows us to contract for 44 residential county parole beds (32 through Sheriff's general fund budget and 12 through a work order from the Health Department - Treatment on Demand). Below is a listing of the contracted programs, the number of beds currently funded, and proposed expansion. The proposed expansion is based on current excess unfunded capacity with our contractors

Program	Current Beds	Proposed Expansion	Additional Amount
Asian-American Recovery Center 2024 Hayes Street San Francisco, CA	1	3	$18,648
Jelani, Inc.			
Jelani House 1601 Quesada Street San Francisco, CA	1	3	18,648
Start to Finish 1499 Quesada Street San Francisco, CA	0	30	186,480
Rites of Passage 1638 Kirkwood Street San Francisco, CA	0	3	18,648
Latino Commission on Alcohol and Drug Abuse			
Casa Aztlan 380 Longview Drive San Bruno, CA	0	3	18,648
Casa Maria 105 McLain Avenue Brisbane, CA	0	3	18,648
New San Francisco Location	0	3	18,648
Liberation House 1724 Steiner Street San Francisco, CA	14	10	62,160
Milestones 291 - 10th Street San Francisco, CA	19	15	93,240
Walden House 815 Buena Vista West San Francisco, CA	9	27	167,832
TOTALS	44	100	$621,600

City and County of San Francisco

OFFICE OF THE SHERIFF

Michael Hennessey
SHERIFF

415 - 554 - 7225

March 11, 1999
Ref.: BPM 99-020

TO: Karen Kegg
Budget Analyst's Office

FROM: Jean Mariani jm
Budget & Program Manager

SUBJECT: Use of Treasure Island Brig

As part of your review of our supplemental appropriation request, you asked for information about the possible use of the Treasure Island Brig (TI). The supplemental would provide 22 sworn deputy positions at County Jail #3 (CJ #3) for the proposed settlement in the Jones case.

Treasure Island Brig has 5 dorms with a total of 120 beds and two cellblocks with 5 cells, each which could be double-bunked for a total capacity of 140. To meet our 6.5% attrition savings rate, we are holding vacant 51 sworn positions including 20 of the 22 sworn positions budgeted for TI. Full staffing for TI would require, in addition to funds for the 20 vacant sworn positions, another 41 sworn positions. We had planned to close three floors at CJ #3 to provide the required additional staffing. However, because the jails are currently operating at capacity, that is not possible at this time.

CJ #3 has 58 cells per wing on the 3rd, 4th, 5th, and 6th floors. It also houses 70 prisoners in each of two dorms on the 2nd floor. The jail has a Board of Corrections capacity of 557. Under the Jones settlement, the minimum posts per floor are 2 deputies. Using a 1.76 relief factor, minimum staffing per floor is the equivalent of 11 full time sworn positions.

Assuming we closed one floor at CJ #3 and transferred those prisoners to TI, we would need the following sworn positions to fully staff TI and to meet staffing requirements for CJ #3 per the Jones settlement:

CITY HALL, ROOM 456 1 CARLTON B. GOODLETT PLACE SAN FRANCISCO, CA 94102 FAX 415 - 554 - 7050

	Current	Transfer	Additional Required	Net Total
CJ #3				
Deputies	88	-7		81
Supervisors	13			13
Proposed Jones Settlement				
Deputies	22	-4		18
CJ #3 Totals	123	-11		112
TI Brig				
Deputies	20	11	26	57
Supervisors	2		2	4
TI Totals	22	11	28	61

Therefore, even if TI were to open, there would be no reduction in positions for the proposed <u>Jones</u> settlement. We would merely transfer 4 deputies from CJ #3 to TI. In addition to the 22 swom positions which are the subject of this request, we would also need 28 new sworn positions plus funding for the 20 vacant swom deputy positions in the TI budget, since those are vacant to offset the department's attrition savings. To fill all 48 positions effective July 1, 1999, would require an additional approximately $3.09 million annually.

Date: March 18, 1999

To: Karen Kegg, Budget Analyst

From: Jean Mariani, Sheriff's Department

Re: Recommendations for Supplemental

Karen – I am faxing you my recommended edits for your report. I think you did an excellent job – there's a lot of complicated stuff in here. In addition to edits on your fax pages 5-6, 8-12, I have the following comments and information.

Your draft report recommends against the additional escort/relief post on midnights at CJ #3 because we only assign two posts during day and swing shifts. We disagree with your analysis for the following reasons:

The proposed Jones settlement, as you correctly report, requires that a deputy be physically present in each occupied dorm and tier of the jail. In order to accomplish that on midnights, we need sufficient relief staff to:

- Permit each deputy to take, at minimum, a forty-five minute lunch break. This translates to 10 deputies times 45 minutes = 450 minutes or 7.5 hours, essentially one entire post.
- Provide sufficient staff to escort any prisoners in need of medical attention (including insulin injections for diabetics) or for other urgent needs, which may occur during the shift.
- Assure better evacuation potential in case of a seismic event or fire emergency, a recommendation of the City's jail staffing experts, based on the obvious inadequacies of the existing facility.
- Provide a more appropriate level of escort coverage for the pulls for courts which begin at 5:30 each morning.

We only assign two posts during the day because we have sufficient deputies not assigned within the tiers or dorms but responsible for other duties who are available if we need additional staff to cover required escort/relief. This is obviously not the case for midnights.

You also deleted one position because it was not included among the minimum posts. That position is actually a Sr. Deputy/Relief Supervisor for swing. (We requested a 8304 Deputy instead of an 8306 Sr. Deputy on the assumption that we would promote an existing Deputy once all 22 positions complete the Academy.) These positions are not relieved when absent, which is why I neglected to count them in the minimums. The Sheriff is requesting the additional

swing shift position due to the need to assure adequate staffing and relief based on existing activity levels because CJ #3 has programs operating until as late as 10 pm in the evening. There are also inmates working in the kitchen and laundry during swing shift, so deputy coverage is required for ALL floors, including the basement. Current and proposed staffing for these positions is as follows:

County Jail #3	CURRENT				JONES		
POST	MIDS	DAYS	SWINGS		MIDS	DAYS	SWINGS
Sr. Deputy/Relief Supervisor	1	2	1		1	2	2

If the Board of Supervisors approves your proposed reduction, we will not have sufficient staffing at CJ #3 to meet the terms of the proposed settlement agreement.

P.S. Jo Hoeper's name is misspelled in the report.

Item 3 - 99-0365

Department: Public Utilities Commission (PUC)
Hetch Hetchy

Item: Resolution approving the expenditure of funds exceeding ten percent of the original contract amount and granting an extension of time for completion of Hetch Hetchy Contract No. HH-859, Moccasin-Newark Transmission Line Tower Painting, Phase II.

Contract Modification Amount: $70,000

Source of Funds: Previously appropriated FY 1998-99 Hetch Hetchy operating funds.

Description: In July of 1997, the Public Utilities Commission (PUC) awarded Hetch Hetchy Contract No. HH-859 to Midwest Painting, Inc. for painting 199 high voltage transmission towers along the Moccasin-Newark Transmission Lines 3 and 4, located in Tuolomne and San Joaquin Counties. The total contract was for $300,000 to be completed in 341 days beginning September 1, 1997 through August 8, 1998.

The proposed resolution would extend the original time period for the contract by 326 days, and provide for a completion date of June 30, 1999. Although the Board of Supervisors appropriates funds for PUC Contractual Services, this contract, itself, was not subject to Board of Supervisors approval because Section 9.118 of the City's Charter only requires that contracts having a term of more than 10 years and/or requiring expenditures by the City of at least $10 million be subject to approval by the Board of Supervisors.

The PUC subsequently authorized Hetch Hetchy to enter into Contract Modification No. 1, in the amount of $10,000, with Midwest Painting, Inc. to purchase safety equipment, such as body harnesses, face masks and emergency medical kits, for Hetch Hetchy staff to monitor the work on the high voltage transmission towers by Midwest Painting, Inc. Mr. Subhash Shaftri of the PUC

reports that because the cost of the above-noted safety equipment was not more than ten percent above the estimated amount of the original contract with Midwest Painting, Inc., Hetch Hetchy did not require approval by the Board of Supervisors for Contract Modification No. 1 in accordance with Section 6.6 of the Administrative Code.

Pursuant to authorization from the PUC (Resolution No. 98-0288) on November 10, 1998, Hetch Hetchy is now requesting approval from the Board of Supervisors to enter into Contract Modification No. 2, in the amount of $70,000, with Midwest Painting, Inc. for Midwest Painting, Inc. to paint an additional 39 high voltage transmission towers along the Moccasin-Newark Transmission Lines 3 and 4, located approximately two miles from Calaveras Dam Road in Alameda County. This proposed Contract Modification No. 2 would result in a total revised contract amount of $380,000, which is $80,000 or approximately 27 percent over the original contract bid of $300,000.

Mr. Shaftri states that the Hetch Hetchy plans to pay for Contract Modification No. 2 from $70,000 in previously appropriated operating funds in its FY 1998-99 budget.

Budget: The Attachment, provided by the PUC, contains a cost breakdown in the amount of $70,000 to support the proposed Contract Modification No.2 in the amount of $70,000.

Comment: 1. Mr. Shaftri reports that although Hetch Hetchy is requesting a contract extension of 326 days for Midwest Painting, Inc. to paint the subject 39 high voltage transmission towers, Midwest Painting, Inc. will begin such work on April 12, 1999, after the current rains have ended. Mr. Shaftri expects Midwest Painting, Inc. to complete its work on the towers in approximately 50 days. Work would therefore be completed by June 30, 1999.

2. According to Mr. Ted Lakey of the City Attorney's Office, in accordance with Section 6.7 of the Administrative Code, the subject extension of time for the completion of Hetch Hetchy Contract No. HH-859,

requires only the approval of the PUC, which it received on November 10, 1998, and does not require Board of Supervisors approval. Therefore, the proposed resolution should be amended to delete reference to Board of Supervisors approving the extension of time for completion of Hetch Hetchy Contract No. HH-859.

Recommendations:

1. In accordance with Comment No. 2 above, amend the proposed resolution to delete reference to the Board of Supervisors approving the extension of time for completion of Hetch Hetchy Contract No. HH-859.

2. Approve the proposed resolution as amended.

HH-859

Moccasin-Newark Transmission Line Tower Painting Phase II

COST BREAKDOWN FOR CONTRACT MODIFICATION NO. 2

Item No.	Description	Est. Qty. & Unit	Unit Price	AMOUNT
1	Paint Remaining High Voltage Towers	39 EA	1393.03	$54,328.17
2	Traffic Routing	LS	-	$15,671.83
	TOTAL			$70,000.00

Post-it® Fax Note 7671	Date 3/2/99	# of pages ▶ 1
To Rosio Bugarin	From TRACY CAEL	
Co./Dept. Budget Analyst	Co. PUC/UEB	
Phone #	Phone # 554-1872	
Fax #	Fax # 554-0776	

Item 4 – File 99-0359

Department: Department of Children, Youth and Their Families (DCYF) (formerly the Mayor's Office of Children, Youth and Their Families)

Item: Resolution approving the FY 1999-2000 Children's Services Plan in accordance with Charter Section 16.108.

Description: Proposition J, commonly known as the "Children's Amendment," was approved by the electorate in November 1991. The Children's Amendment amended the Charter to require the establishment of the Children's Fund.

The Children's Amendment requires that the Mayor submit to the Board of Supervisors, by December of each year, a "Children's Services Plan" for the next fiscal year to specify the goals and objectives to be achieved through expenditures from the Children's Fund, to outline proposals for expenditures form the Children's Fund, and to recommend City Departments to administer the funded programs. The proposed resolution would approve the FY 1999-2000 Children's Services Plan.

According to Ms. Deborah Alvarez-Rodriguez of DCYF, the Children's Services Plan was not submitted to the Board of Supervisors by December of 1998, as required by the Charter, because the Director's position was vacant for over six months until Ms. Alvarez-Rodriguez assumed the position in November 1998. Additionally, DCYF had to hold 11 community hearings and six commission hearings to develop the Children's Services Plan, as required by the Charter.

The proposed FY 1999-2000 Children's Services Plan has a budget of $16,680,000. DCYF intends to use quality of life benchmarks and indicators developed by local and national research institutions, City departments, community-based organizations, and DCYF program consumers, to guide funding priorities. These benchmarks include: children and families are healthy; children are ready to learn and are succeeding in school; and children live in safe and supported families.

Proposed Budget: As shown in Attachment I provided by the DCYF, the proposed Children's Services Plan budget of $16,680,000

includes $2,330,622 for services to be provided by City departments, $12,250,100 for nonprofit agency community-based programs (CBO's) under contract to DCYF, $1,399,278 for administrative costs, and $700,000 for evaluation costs. Attachment II, provided by DCYF, details the proposed estimated allocation for each CBO.

Comments:

1. The Children's Amendment requires that the City maintain a level of expenditure for children's services which is equal to or greater than the level of expenditure in FY 1990-91 or FY 1991-92, whichever is greater, and sets aside Property Tax revenues to fund additional services above and beyond the level of service funded prior to adoption of the Children's Amendment. The amount of these Property Tax revenues is 2.5 cents per $100 of assessed valuation. The Children's Amendment has been in effect for seven years and will expire after a total of ten years in 2002.

2. In 1992, the Controller certified that the City's appropriation for children's services prior to adoption of the Children's Amendment totaled approximately $50 million. This baseline amount of approximately $50 million represents the required minimum expenditure by the City for children's services in each of the ten fiscal years. Each succeeding year, the baseline amount has been and is adjusted annually by the percentage change in aggregate City appropriations since the base year.

3. The amount of the Children's Fund in FY 1998-99 was $15,011,576. According to Mr. John Madden of the Controller's Office, a more precise estimate for the Children's Fund for FY 1999-2000 will not be available until early April, 1999. Therefore, for the purposes of this Children's Services Plan, the DCYF has estimated that the Children's Fund for FY 1999-2000 will be $16,680,000 which represents an increase of $1,668,424 over the FY 1998-99 Children's Service Plan of $15,011,576.

4. The Children's Amendment requires a public planning process, in which public hearings are to be held by the Public Health, Juvenile Probation, Human Services, Recreation and Parks, Youth, and Public Library Commissions prior to submission of the Children's

Services Plan to the Board of Supervisors. According to Ms. Alvarez-Rodriguez, those commission hearings were held between February 24, 1999 and March 2, 1999.

5. The anticipated FY 1999 -2000 Children's Fund budget includes administrative costs of $1,399,278, or 8.4 percent of the total budget, as compared to the FY 1998-99 budget for administrative costs of $1,132,128, or 7.5 percent of that total budget. The anticipated increase for administrative costs in FY 1999-2000 over FY 1998-99 is $267,150, or 23.5 percent. Attachment III is a memorandum from Ms. Alvarez-Rodriguez explaining why administrative costs for FY 1999-2000 are increasing by 23.5 percent over FY 1998-99.

6. As shown in Attachment I, the proposed Children's Budget includes $700,000 for evaluation costs, representing a $600,000, or 700 percent increase from the FY 1998-99 amount of $100,000 for such evaluation costs. Ms. Alvarez-Rodriguez reports that the DCYF is placing greater emphasis on accountability and evaluation compared to previous years. This amount of $700,000 for evaluation has not yet been allocated to any specific nonprofit agency or outside consultant.

7. Approval of the proposed resolution would not authorize the appropriation of any funds, but rather, would approve the FY 1999-2000 Children's Services Plan, as required by the Charter. All expenditures will be subject to appropriation approval by the Board of Supervisors in the FY 1999-2000 budget and will be reviewed in detail by the Budget Analyst.

Recommendations:

1. Amend the proposed resolution to require that on or about July 15, 1999, the Department of Children, Youth and Their Families submit a detailed budget supporting the $700,000 allocation for evaluation services, including the identification of all outside consultants and nonprofit agencies, the amount allocated to each specific organization, and the estimated hours of service to be provided and the average hourly rates to be charged by each organization.

2. Approval of the proposed resolution, as amended, is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

PROPOSED CHILDREN'S FUND BUDGET - 1999-2000

ADMINISTRATIVE	Budget FY 98/99	CSP Proposed Budget FY 99/00
Salary	753,796	882,123
Fringe Benefits	182,021	208,507
Rent	85,000	119,368
Materials & Supplies	18,000	50,500
Agency Support	21,411	30,000
Other Office Expense	30,000	37,900
Travel & Training	7,200	27,680
Services of Other Depts	34,700	43,200
Total Administrative	1,132,128	1,399,278
DIRECT SERVICES		
Funding for CBO's	11,325,000	12,250,100
Funding for City Depts/ SFUSD & PIC	2,454,448	2,330,622
Total Direct Services	13,779,448	14,580,722
Other Direct Services (Evaluation)	100,000	700,000
Total Direct Services	13,879,448	15,280,722
Total Expenses	15,011,576	16,680,000
Administrative Expenses as a Percentage of the Total Fund	8%	8%

APPENDIX B:

DCYF - Estimated 1999-2000 Children's Fund $ for Direct Services

PROVIDER	Award
A Home Away from Homelessness	$40,000
Asian Women's Resource Center (AWRC)	$181,197
Audrey L. Smith Developmental Center, Inc.	$157,000
Audrey L. Smith Developmental Center, Inc.	$227,527
Bernal Heights Neighborhood Center	$266,109
Booker T. Washington Community Service Center	$130,715
Bridges From School To Work, Marriott Foundation For People with Disabilities	$152,211
California Association for Health, Education, Employment, and Dignity, Inc.	$330,000
California Lawyers for the Arts	$135,322
Center on Juvenile and Crimal Justice	$178,500
Central City Hospitality House	$226,060
Charity Cultural Services Center	$75,972
Children's Council of San Francisco	$470,220
Columbia Park Boys and Girls Club	$300,000
Columbia Park Boys and Girls Club-Excelsior Youth Center	$50,000
Communities in Harmony Advocating for Learning and Kids	$201,427
Community Educational Services	$102,000
Community United Against Violence	$233,059
Cross Cultural Family Center	$170,000
Economic Opportunity Council of San Francisco	$151,000
Edgewood Center For Children & Families	$100,000
Ella Hill Hutch Community Center	$219,440
Ella Hill Hutch Community Center	$100,702
Family Service Agency of San Francisco	$78,204
Filipino-American Council of San Francisco	$51,000
Geneva Valley Development Corporation	$342,226
Girls After School Academy	$50,000
Girls and Boys Against Gangs, Inc.	$60,000
Glide Memorial Church	$125,000
Good Samaritan Family Resource Center	$178,500
High Gear Achievers Inc.	$84,999
Homeless Children's Network	$178,500
Horizons Unlimited of San Francisco, Inc.	$163,200
Hunters Point Boys' & Girls' Club	$40,800
Ingleside Community Center	$120,960
Inner City Youth	$76,500

International Institute of San Francisco	$50,000
Jamestown Community Center	$51,000
Japanese Community Youth Council (MYEEP)	$1,246,933
Japanese Community Youth Council (JCYC)	$60,638
Japanese Community Youth Council/ (Richmond Beacon)	$250,000
Jewish Vocational and Career Counseling Service	$330,000
Korean American Women Artist & Writers Association (KAWAWA)	$100,000
Lavender Youth Recreation & Information Center, Inc. (LYRIC)	$101,437
Legal Services for Children, Inc.	$50,000
Little Children's Development Center	$50,000
Mission Child Care Consortium, Inc.	$101,087
Mission Language and Vocational School, Inc.	$76,499
Moss Beach Homes Inc. d.b.a Aspira Foster and Family Services (Beacon)	$300,000
Moss Beach Homes, Inc.	$111,299
New Direction	$75,943
Our Kids First	$40,800
Portola Family Connections, Inc.	$100,000
Potrero Hill Neighborhood House	$76,500
Real Alternatives Program (RAP)	$290,000
Richmond District Neighborhood Center	$219,300
SAGE Project, Inc.	$50,000
Samoan Community Development Center	$101,229
San Francisco Child Abuse Council	$35,000
San Francisco Educational Services, Inc. (SFES)	$114,946
San Francisco Educational Services, Inc. (SFES) (BVHP Beacon)	$306,000
San Francisco Educational Services, Inc. (SFES) (Beacon)	$300,000
San Francisco League of Urban Gardeners (SLUG)	$102,000
San Francisco State University Foundation	$181,816
San Francisco Study Center Inc.	$76,253
San Francisco Women Lawyers Alliance Foundation	$25,480
South of Market Child Care, Inc.	$50,000
South of Market Council	$50,000
St. John's Educational Thresholds Center (Mission Beacon)	$300,000
Telegraph Hill Neighborhood Center Organization	$102,000
Tenderloin Neighborhood Development Corporation	$45,748
The Arks of Refuge	$50,000
The Family School	$147,400
The San Francisco Urban Service Project	$50,000
Third Baptist Church Academic Summer School	$25,000
Vietnamese Youth Development Center	$80,835
Visitacion Valley Community Center (Visitacion Valley Beacon)	$300,000

Wajumbe Cultural Institution, Inc.	$126,721
West Bay Pilipino Multi-Service, Inc.	$161,272
Western Addition Beacon	$300,000
Wu Yee Children's Services (Chinatown Beacon)	$300,000
Wu Yee's Children Services	$543,000
Youth Guidance Center Improvement Committee	$79,560
Youth Leadership Institute	$100,000
YMCA – (OMI Beacon)	$300,000
YWCA of San Francisco	$101,054
Total (including leveraged dollars)	$13,935,100
Contributions from Funding Sources other than Prop. J	$1,825,000

Estimated Children's Fund $ For CBO's **$12,110,100**

Estimated Children's Fund $ For Potential CBO COLA's **$140,000**

$12,250,100

Estimated Children's Fund $ For City Departments **$2,330,622**

Private Industry Council	$254,000
Department of Public Health	$541,235
Department of Human Services	$253,546
SF Public Library	$420,000
Juvenile Probation Department	$194,000
SF Art Commission	$150,000
San Francisco Unified School District	$283,000
Recreation and Parks	$234,841

Total Estimated Children's Fund $ For Direct Services **$14,580,722**

Department of Children, Youth and Their Families

Memo

To: Mr. Harvey Rose, Budget Analyst and Shirley Lee

From: Ms. Deborah Alvarez-Rodriguez

Date: 03/18/99

Re: Administrative Costs Narrative

The 1999-2000 Children's Services Plan continues to limit administrative costs for the Children Fund to 8 percent of total expenditures. The administrative costs in fiscal year 1998-99 totaled $1,132,128 while 1999-2000 projections total $1,399,278. The increase in administrative costs are due to:

- The 1998-99 budget included $1,132,128 in administrative costs and $100,000 in planning and development costs. We have moved all planning and development costs into the administration cost center.

- We have added a full-time 1371 citywide Childcare Coordinator to the 1999-2000 administrative budget at approximately $70,000 salary and fringe benefits. Additionally, in order to fully implement a computerized grants management database and improve public accountability we propose increasing our MIS staff from .16fte to 1.0 fte, approximately $55,000 increase in salary and fringe. Other salary adjustments to reflect 1998-99 budgeted positions estimated at $18,568. Total estimated increase in salaries $143,568.

- We estimate building rent increase of $23,582 due to annual operating increases and the need for an additional 1000 sq. feet to accommodate the expansion of Childcare planning staff and services.

Items 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14 – Files 99-0272, 99-0271, 99-0273, 99-0274, 99-0276, 99-0277, 99-0278, 99-0279, 99-0373, and 99-0317

Note: Items 5 through 12 were continued from the Finance and Labor Committee Meeting of March 10, 1999.

Departments: Department of Human Resources (DHR)
Department of Public Transportation (Muni)

Items: **Item 5, File 99-0272** – Ordinance implementing the provisions of an amendment to Article V.I of the Memorandum of Understanding (MOU) between the Stationary Engineers, Local 39, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

Item 6, File 99-0271 – Ordinance implementing the provisions of an amendment to Article V.H of the MOU between the International Brotherhood of Electrical Workers, Local 6, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

Item 7, File 99-0273 – Ordinance implementing the provisions of an amendment to Article IV.F of the MOU between the Building Material and Construction Teamsters, Local 216, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

Item 8, File 99-0274 – Ordinance implementing the provisions of an amendment to Article IV of the MOU between the Transport Workers Union of America, AFL-CIO, and the Transport Workers of America, Local 250A (7410 Automotive Service Workers), and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

Item 9, File 99-0276 – Ordinance implementing the provisions of an amendment to Section 19 (Drug Treatment) of the MOU between the Transport Workers Union of America, AFL-CIO, and the Transport Workers of America, Local 250A (9163 Transit Operator and

Related Trainee Classifications), and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2000.

Item 10, File 99-0277 – Ordinance implementing the provisions of an amendment to Article IV.E of the MOU between the Laborers Union, Local 261, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

Item 11, File 99-0278 – Ordinance implementing the provisions of an amendment to Article IV.G of the MOU between the Glaziers and Glass Workers, Local 718, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

Item 12, File 99-0279 – Ordinance implementing the provisions of an amendment to Article IV.J of the MOU between the Automotive Mechanics Union Lodge No. 1414, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

Item 13, File 99-0373 – Ordinance implementing the provisions of an amendment to Section 32 of the MOU between the Service Employees International Union, Local 790, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2000.

Item 14, File 99-0317 – Ordinance implementing the provisions of an amendment to Article IV of the MOU between the Transport Workers Union of America, AFL-CIO, the Transport Workers of America, Local 200, and the City and County of San Francisco, providing for an Employee Assistance Program through the expiration of the MOU in 2001.

Description:

The Board of Supervisors previously approved legislation ratifying MOUs with the following 10 labor organizations that represent certain classes of "safety sensitive" Muni employees:

- International Brotherhood of Electrical Workers, Local 6
- Stationary Engineers, Local 39
- Building Material and Construction Teamsters, Local 216
- Transport Workers Union (TWU), Local 250A (7410 Automotive Service Worker)
- Transport Workers Union (TWU), Local 250A (9163 Transit Operator and Related Trainee Classifications)
- Laborers Union, Local 261
- Glaziers and Glass Workers, Local 718
- Automotive Mechanics Union Lodge No. 1414
- Transport Workers Union (TWU), Local 200
- Service Employees International Union (SEIU), Local 790

Each of the subject 10 MOUs cited above required the establishment of an Employee Assistance Program (EAP) within the Department of Public Transportation (Muni) for safety sensitive Muni employees.[1] Muni's Employee Assistance Program was established in 1995 to complement the Federally-mandated Substance Abuse Program, which requires drug testing for certain classes of Muni employees deemed to be "safety sensitive" by the U.S. Department of Transportation. Muni reports that 60 Muni classifications, representing approximately 3,497 of the 3,845 existing Muni employees, are considered to be safety sensitive job classes and are therefore covered by Muni's Substance Abuse and Employee Assistance Programs. Attachment I shows the classes and job titles of the 3,497 safety sensitive Muni employees covered by the 10 MOUs above.

Muni's EAP is designed to assist employees with problems that may affect their ability to perform their jobs. Unlike employees involved in the Substance Abuse Program, employees who participate in the EAP do so on a voluntary basis. The EAP is intended to encourage employees to seek treatment for substance abuse, family problems, depression, stress and other problems, before

[1] There is also a separate, citywide Employee Assistance Program, administered by the Department of Public Health (DPH), for all City employees.

they lead to a positive drug test or disciplinary problems. The EAP offers Muni employees information, guidance, referrals, counseling and follow-up services.

The existing MOU between the Transport Workers Union (TWU), Local 250A for 9163 Transit Operators states that the City shall contribute up to $150,000 per year for Muni's Employee Assistance Program. The existing MOUs between the City and the other nine labor organizations representing non-platform safety sensitive Muni employees state that the City shall contribute up to $75,000 per year as the total amount for the other subject nine MOUs to fund the Muni Employee Assistance Program. Thus, the City is required under current MOU provisions to contribute up to $225,000 per year ($150,000 plus $75,000) to Muni's EAP. The proposed ordinances would not result in any change to the City's maximum contribution to the EAP.

The proposed ordinances would implement the provisions of an amendment to Muni's EAP in each of the 10 MOUs to clarify certain language and reflect changes in the program since it was first implemented in 1995. The amendments to the EAP are described below.

Duties of Outside Contractor

Contracts for EAP Services to Transit Operators

In 1995, through a Request for Proposals (RFP) process, the Board of Trustees of the Municipal Railway Trust Fund[2] awarded a one-year contract to Claremont Behavioral Services to provide substance abuse treatment referral and EAP services to Muni employees in the 9163 Transit Operator classification. The amount of this contract was $58,195, based on Claremont's rate of $2.80

[2] Pursuant to Charter Section A8.404, maximum wages for Transit Operators are established based on the average of the two highest wage schedules for comparable transit systems in the United States. Charter Section A8.404 further provides that, when the value of vacation, retirement, and health service benefits is less than the value of such benefits provided by the two transit systems used for establishing wage schedules, a dollar amount of General Fund monies, not to exceed the difference between the average value of the benefits package in the two comparable systems and the benefits package provided by the City, may be deposited into a Municipal Railway Trust Fund. The Municipal Railway Trust Fund is administered by a Board of Trustees, consisting of representatives of Muni and TWU, Local 250A.

per employee per month for the 1,732 Transit Operators at that time (approximately $4,850 per month). The term of the contract was the period July 1, 1995 through June 30, 1996. The source of funding for this contract was the Municipal Railway Trust Fund.

In April, 1998, the Board of Trustees of the Municipal Railway Improvement Fund awarded a new contract to Claremont Behavioral Services to provide EAP services to Transit Operators for the four-year period retroactive to July 1, 1996 through June 30, 2000. Under the terms of the new contract, as of July 1, 1998, Claremont also assumed responsibility for managing the Peer Assistance Program, a program established in 1995 in which Muni employees serve as Peer Assistants for fellow Muni employees. Claremont's fee for this contract is $5,000 per month for EAP services ($240,000 over the four-year term of the contract or $60,000 per year), plus approximately $4,667 per month for Peer Assistance Program services ($112,000 for the two-year period July 1, 1998 through June 30, 2000, or $56,000 per year). Thus, the total amount of the four-year contract is $352,000, consisting of $60,000 per year for the first two years ($120,000 total for EAP services only), and $116,000 per year for the second two years ($232,000 total, including $120,000 for EAP services and $112,000 for Peer Assistance Program services). The source of funding for this contract is General Fund monies allocated to the Municipal Railway Improvement Fund. The Municipal Railway Improvement Fund is also administered by the Board of Trustees for the Municipal Railway Trust Fund.

<u>Contracts for EAP Services to Non-platform Safety Sensitive Muni Employees</u>

In 1995, through an RFP process, the Public Transportation Commission (PTC) awarded a one-year contract to Claremont Behavioral Services to provide substance abuse treatment referral and EAP services to <u>non-platform safety sensitive Muni employees</u>. The amount of this contract was $75,000, consisting of (a) $36,960 for Claremont's fee (based on Claremont's rate of $2.80 per employee per month for the 1,100 non-platform safety sensitive Muni employees at that time), (b) a reinsurance fee of $4,500; and (c) $33,540 for claims by

employees referred for substance abuse treatment services. The term of the contract was the period July 1, 1995 through June 30, 1996.

In 1996, PTC approved a resolution extending Claremont's contract for one year, from July 1, 1996 through June 30, 1997. Because, effective July 1, 1996, substance abuse treatment services began being provided to City employees through the City's Health Service System, the amount of this one-year extension was only $25,000, in order to reflect that Claremont would only be providing EAP services. The source of funding for both the original contract and the one-year extension were General Fund monies included in Muni's annual budget.

Since July 1, 1997, Claremont has been providing EAP services to non-platform safety sensitive employees without a contract. According to Mr. Thomas Bjornson, CEO of Claremont Behavioral Services, Claremont has made repeated attempts to execute a new contract with Muni since July 1, 1997, but with no success. Mr. Bjornson advises that Claremont did receive payment of $25,000 from Muni for services rendered to non-platform safety sensitive Muni employees during FY 1997-98. However, according to Mr. Bjornson, Claremont has received no payment since July 1, 1998 for services rendered during this fiscal year. In addition, Mr. Bjornson further advises that Claremont assumed responsibility for managing the Peer Assistance Program on July 1, 1998 for both Transit Operators (as noted above) and non-platform safety sensitive employees.

Ms. Cindy Monroe of Muni advises that a second contract modification that would have extended Claremont's contract for one additional year, or from July 1, 1997 through June 30, 1998, was signed by both parties but was never approved by the PTC. Ms. Monroe further advises that Muni is currently in the process of preparing a PTC resolution to modify Claremont's contract, which expired on June 30, 1997, to extend it retroactive to July 1, 1997 through June 30, 2000, and to reflect Claremont's additional responsibilities with respect to supervising the Peer Assistance Program. Ms. Monroe reports that the amount of this contract modification would be $131,000,

consisting of $25,000 for the first year (for EAP services only), and $53,000 per year for the second two years ($106,000 total, including $50,000 for EAP services and $56,000 for Peer Assistance Program services). This amount is based on Claremont's fee of $25,000 per year for EAP services, plus approximately $2,333 per month for Peer Assistance Program services ($56,000 for the two-year period July 1, 1998 through June 30, 2000, or $28,000 per year). The source of funding for the contract modification will be funds included in Muni's FY 1998-99 and FY 1999-00 annual budgets.

The modified EAP would delineate Claremont Behavioral Services' ongoing responsibilities as well as the additional duties assumed by Claremont in 1998. These responsibilities include:

- Maintaining a toll-free employee hotline;
- Consultation to Muni management and unions on EAP implementation;
- EAP training for Muni and union management and staff;
- Up to three counseling sessions per family per year to employees and their dependents;
- Up to three legal, three financial and three medical consultations per employee per year (a total of nine sessions per employee per year);
- Referral services for treatment and/or assistance;
- Continuing contact between the employee, treatment agent and employer on case status;
- Monthly statistical evaluation of program activities;
- Attendance at monthly meetings of the Muni Improvement Fund Board of Trustees;
- Up to three counseling visits per year and case management for employees who have been involved in critical incidents;
- Critical incident policies and procedures;
- On-going educational and training information on substance abuse;
- Clinical and administrative management of the Peer Assistance Program;
- An on-site clinician to provide counseling services for the Peer Assistance Program for a minimum of 20 hours per week; and

- Procedures for the Peer Assistance Program

The Peer Assistance Program

A Peer Assistance Program was established in 1995 for Muni employees in need of assistance to deal with chemical dependency. Under this program, qualified Muni employees may volunteer to serve as Peer Assistants for a period of two years in order to respond to requests for assistance from fellow Muni employees.

There are three Peer Assistants dedicated to the Peer Assistance Program on a full-time basis for the 3,497 safety sensitive Muni employees covered by the EAP. In accordance with existing provisions of the 10 subject MOUs, two of these Peer Assistants are 9163 Transit Operators and one Peer Assistant is a non-platform safety sensitive Muni employee (currently a 7410 Automotive Service Worker). Peer Assistants continue to receive their regular full-time rate of pay while fulfilling their duties as Peer Assistants. Peer Assistants are also required to respond to calls to a crisis hotline (a cellular phone) on rotating 24-hour shifts. During non-working hours, the Peer Assistant who covers this hotline is entitled to receive pager premium pay. However, according to Ms. Monroe, in practice, Peer Assistants have never received pager premium pay. No additional compensation is authorized for Peer Assistants while covering the crisis hotline during their regular working hours.

There is also a Public Transportation Department (PTD) Liaison, a Muni employee appointed by the Director of Public Transportation, to serve as the City's liaison in matters such as labor relations and administrative issues related to the Peer Assistance Program. The duties of the PTD Liaison are currently being performed by Muni's Personnel Director, who spends approximately two hours per week (0.05 FTE) on duties related to this post.

The modified EAP would reflect the following changes to the Peer Assistance Program since its inception in 1995:

- As noted above, the management and administration of the Peer Assistance Program is now the

responsibility of the outside contractor, Claremont Behavioral Services. Prior to July, 1998, the Peer Assistance Program was overseen by the Director of Muni's mandatory Substance Abuse Program. However, according to Mr. Ray Antonio of TWU, Local 250A, this type of reporting structure resulted in problems with protecting employee confidentiality. For example, according to Mr. Antonio, in some instances, employees who had relapses after obtaining treatment through the mandatory Substance Abuse Program did not participate in the voluntary EAP out of fear that Substance Abuse Program staff, who also administered the EAP, would learn of their relapse and take disciplinary action against them. As such, a decision was made by Muni management to transfer oversight of the Peer Assistance Program from the Substance Abuse Program Director to the contractor. This change is now reflected in Claremont's contract and in the modified EAP.

- A Peer Assistance Oversight Committee has been established to perform trouble-shooting, make decisions on program operations, and, in coordination with the outside contractor, develop procedures for the Peer Assistance Program. The Peer Assistance Oversight Committee consists of five full-time union employees. Prior to July, 1998, the duties of the Peer Assistance Oversight Committee were performed by a Joint Labor-Management Committee, consisting of five full-time union employees and five Muni managers, which also oversees the mandatory Substance Abuse Program. For the same reasons cited above (to protect employee confidentiality), a decision was made by Muni management to transfer the Joint Labor-Management Committee's duties related to the Peer Assistance Program to the newly formed Peer Assistance Oversight Committee. This change is reflected in the modified EAP.

The modified EAP also adds language to reflect the existence of the PTD Liaison and clarifies existing language on the qualifications and duties of Peer Assistants.

BOARD OF SUPERVISORS
BUDGET ANALYST

The amended provisions of Muni's Employee Assistance Program would be in effect for the period retroactive to July 1, 1998 through the expiration of the MOUs on June 30, 2000 (for the MOUs with the Transport Workers Union, Local 250A for 9163 Transit Operators and SEIU, Local 790), or June 30, 2001 (for the eight other MOUs).

Comments:

1. Attachment II, provided by the Controller's Office, is the Controller's cost analysis of the proposed MOU amendments. According to Ms. Peg Stevenson of the Controller's Office, the proposed MOU amendments would result in minimal incremental costs to the City. The Budget Analyst concurs with the Controller's cost analysis.

2. The Budget Analyst's estimated value of services that would normally be performed by the two 9163 Transit Operators, one 7410 Automotive Service Worker, and 0.05 FTE Personnel Director, who instead of performing their regular Muni duties are currently performing duties related to the Peer Assistance Program, is approximately $165,637 per year, based on the annual salaries (at Step 5) and fringe benefits for these three positions.

3. Attachment III, provided by the EAP contractor, Claremont Behavioral Services, shows the number of Muni employees who have voluntarily participated in the EAP by fiscal year from July 1, 1995 through March 11, 1999. As shown in Attachment III, Claremont Behavioral Services has recorded a total of 901 EAP cases involving Muni employees between July 1, 1995 and March 11, 1999, or an estimated average of 241 cases annually.

Recommendation:

Because the proposed ordinances (a) would implement the provisions of an amendment to Muni's Employee Assistance Program to clarify language and to reflect existing practice, and (b) would have no additional fiscal impact, we recommend approval of the proposed ordinances.

Class	Position Title	No. of Safety Sensitive Muni Employees
Stationary Engineers, Local 39:		
7223	Cable Machinery Supervisor	1
7286	Wire Rope Cable Maintenance Supervisor	1
7334	Stationary Engineer	21
7472	Wire Rope Cable Maintenance Mechanic	10
7473	Wire Rope Trainee	2
	Total - Local 39 (5 classes)	**35**
International Brotherhood of Electrical Workers, Local 6:		
7214	Electrical Transit Equipment Supervisor	1
7216	Electrical Transit Shop Supervisor 1	7
7235	Transit Power Line Supervisor 1	7
7238	Electrician Supervisor 1	1
7244	Power Plant Supervisor 1	1
7253	Electrical Transit Mechanic Supervisor 1	6
7255	Power House Electrician Supervisor I	1
7256	Electric Motor Repair Supervisor 1	1
7258	Maintenance Machinist Supervisor 1	3
7279	Power House Electrician Supervisor 11	1
7318	Electronic Maintenance Technician	88
7329	Electronic Maintenance Technician Assistant Supervisor	17
7338	Electrical Line Worker	23
7345	Electrician	6
7364	Power House Operator	5
7365	Senior Power House Operator	5
7379	Electrical Transit Mechanic	156
7380	Electrical Transit Mechanic, Assistant Supervisor	19
7390	Welder	12
7408	Assistant Power House Operator	2
7409	Electrical Transit Service Worker	53
7430	Assistant Electronic Maintenance Technician	25
7432	Electrical Line Helper	2
	Total - Local 6 (23 classes)	**442**
Building Material and Construction Teamsters, Local 216:		
7355	Truck Driver	6
	Total - Local 216 (1 class)	**6**
Transport Workers of America, Local 250A:		
7410	Automotive Service Worker	86
9163	Transit Operator	2,218
	Total - Local 250A (2 classes)	**2,304**
Laborers Union, Local 261:		
7215	General Laborer Supervisor 1	3
7251	Track Maintenance Worker Supervisor 1	10
7458	Switch Repairer	9
7514	General Laborer	30
7540	Track Maintenance Worker	38
	Total - Local 261 (5 classes)	**90**
Glaziers and Glass Workers, Local 718:		
7326	Glazier	2
	Total - Local 718 (1 class)	**2**
Automotive Mechanics Union Lodge No. 1414:		
7126	Mechanical Shop and Equipment Superintendent	1
7228	Automotive Transit Shop Supervisor 1	6
7241	Senior Maintenance Controller	1

Class	Position Title	No. of Safety Sensitive Muni Employees
7249	Automotive Mechanic Supervisor I	5
7254	Automotive Machinist Supervisor I	1
7264	Automotive Body and Fender Worker Supervisor I	1
7306	Automotive Body and Fender Worker	29
7313	Automotive Machinist	20
7322	Automotive Body and Fender Worker Assistant Supervisor	1
7340	Maintenance Controller	10
7381	Automotive Mechanic	101
7382	Automotive Mechanic Assistant Supervisor	12
7387	Upholsterer	1
	Total - Lodge. No. 1414 (13 classes)	**189**
Service Employees International Union, Local 790:		
7212	Automotive Transit Equipment Supervisor	1
7454	Traffic Signal Operator	1
9102	Transit Car Cleaner	79
9104	Transit Car Cleaner Assistant Supervisor	6
	Total - Local 790 (4 classes)	**87**
Transport Workers of America, Local 200:		
7412	Automotive Service Worker Assistant Supervisor	5
9139	Transit Supervisor	254
9140	Transit Manager I	32
9141	Transit Manager II	32
9142	Transit Manager III	17
9173	Systems Safety Inspector	2
	Total - Local 200 (6 classes)	**342**

TOTAL NO. OF SAFETY-SENSITIVE MUNI EMPLOYEES	3,497
TOTAL NO. OF SAFETY-SENSITIVE MUNI CLASSIFICATIONS	60

Attachment II

CITY AND COUNTY OF SAN FRANCISCO — OFFICE OF THE CONTROLLER

Edward Harrington
Controller

John W. Madden
Chief Assistant Controller

March 19, 1999

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Amendment to Memoranda of Understanding with unions representing employees of the Municipal Railway
File Numbers: 99-0272, 99-0271, 99-0273, 99-0274, 99-0276, 99-0277
99-0278, 99-0279, 99-0373, and 99-0317

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of amendments to the Memoranda of Understanding (MOUs) between the City and County of San Francisco and various unions representing employees of the Municipal Railway. The amendments are retroactive and cover periods beginning July 1, 1998 and, depending on the term of the existing MOU, extending either through June 30, 2000 or through June 30, 2001. These amendments update the language of the MOUs with respect to the Employee Assistance Program (EAP), and do not modify wage rates, benefits, or contract costs. In our opinion, the amendments will result in minimal incremental costs to the City.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,

Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

Attachment III

CLAREMONT
BEHAVIORAL SERVICES

EAP Utilization for T.W.U. Local 250-A & MUNI Miscellaneous Employees
Submitted by Claremont Behavioral Services
March 12, 1999

The following table indicates the number of EAP cases for T.W.U. 250-A Employees and MUNI Miscellaneous, by fiscal year.

	T.W.U.	Miscellaneous	Combined
July 1, 1995 – June 30, 1996	218	61	279
July 1, 1996 – June 30, 1997	167	75	242
July 1, 1997 – June 30, 1998	168	68	236
July 1, 1998 – March 11, 1999	110	34	144

1050 Marina Village Parkway, Suite 203, Alameda CA 94501 ▾ 800-788-8829 Fax 510-337-8833 ▾ www.claremonteap.com

Item 15 – File 99-0280

Note: This item was continued by the Finance and Labor Committee at its meeting of March 17, 1999.

Department: Department of Human Resources
Municipal Railway

Item: Ordinance implementing an amendment to Section 16 of the Memorandum of Understanding (MOU) between the Transport Workers Union and the City and County of San Francisco for Local 250A, (1) to provide a maximum amount of $225 per month toward dependent health care coverage for permanent part-time employees who regularly work a minimum of 20 hours per payroll period, upon completion of one year of continuous service; and (2) to provide that the City will pay a portion of the employee's share of retirement contributions to the Employees Retirement System (ERS) for permanent part-time employees at a rate of 2.5 percent after the first six months of continuous service; 5 percent from six months to one year of continuous service; and 7.5 percent after one year of continuous service, effective the first full pay period after approval of the proposed ordinance by the Board of Supervisors through the duration of this MOU which expires on June 20, 2000.

Description: The MOU with Local 250A includes one classification, 9163 MUNI Operator, comprising 1,844 employees. The proposed amendment to the MOU would only affect permanent part-time MUNI Operators, which currently comprise approximately 175 employees. Part-time MUNI operators are defined as those employees who regularly work a minimum of 20 hours per payroll period.

Currently, permanent part-time MUNI operators do not receive any dependent health care benefits and the City's contribution for the employees share of retirement contributions to the Employees Retirement System is 2.5 percent, regardless of their length of service. The proposed amendment to the MOU would result in permanent part-time MUNI operators receiving up to $225 per month for dependent health care coverage upon completion of one year of continuous service. In addition, the proposed amendment to the MOU would provide that the City will continue to pick up the employee's share of contribution to the applicable ERS retirement plan at a

rate of 2.5 percent for the first six months of continuous service, after which the rate would increase to five percent for employees with six months to one year of continuous service and again to 7.5 percent for employees after one year of continuous service.

According to Ms. Alice Villagomez of the Department of Human Resources, the proposed ordinance would result in permanent part-time MUNI operators receiving the same level of dependent health contributions and retirement benefits that all other permanent part-time employees in the City currently receive.

Comments:

1. Section 16 of the existing MOU with Local 250A, which extends from July 1, 1996 through June 30, 2000, provides that the City and Local 250A agree to meet to negotiate additional health, dental and retirement benefits for permanent part-time MUNI operators, with such agreements to be implemented on the pay period closest to September 1, 1997. According to Ms. Villagomez, the reason why the proposed benefits were not implemented on the pay period closest to September 1, 1997 and instead would be implemented on the first full pay period after the approval of this subject proposed ordinance is because the City wanted to wait until the completion of an actuarial analysis of comparable benefits for part-time transit operators. This actuarial analysis, which was not completed until August of 1998, was conducted by Towers Perrin Company, in connection with the requirement from Charter Section A8.404. This Charter requirement is for annual certifications by the Civil Service Commission of the monetary value of conditions and benefits for MUNI operators as compared with the two transit system operators having the highest wage schedules. As of July 1, 1997, the two highest wage schedule transit operators were the Massachusetts Bay Transportation Authority and the Santa Clara Valley Authority. According to Ms. Janet Bosnich of DHR, the cost of the actuarial analysis by Towers Perrin Company was $25,000, paid through a Municipal Railway workorder to DHR.

2. It should be noted that the actuarial survey conducted by the Towers Perrin Company found that the aggregate

dollar value of MUNI operators retirement, vacation and medical benefits was $1,489,000 greater than the value of the same benefits that were provided to the two transit agencies that were certified as having the highest wage schedules. Therefore, the Budget Analyst questioned why, if MUNI transit operators are already receiving the highest value of retirement, vacation and medical benefits as compared with the two highest wage schedule transit systems as of July 1, 1997, that the Department of Human Resources would recommend the proposed ordinance, which would provide additional dependent health care and retirement benefits at an additional cost to part-time MUNI operators. Ms. Villagomez responds that although the benefit package for MUNI transit operators is higher than the two highest other transit systems, when all wage and benefit provisions in the MUNI transit operators MOU are taken into consideration, MUNI operators do not receive the highest overall compensation package. A comprehensive valuation of all the economic provisions in the collective bargaining agreement conducted by Towers Perrin found that MUNI operators are $3,514,513 below the aggregate dollar value of the same conditions and benefits in the two highest wage schedule transit systems, as of July 1, 1997.

3. The proposed benefits would become effective the first full pay period following ratification of this amendment by the Board of Supervisors and approval by the Mayor.

4. As shown in the attached memorandum provided by Ms. Peg Stevenson of the Controller's Office, implementing the proposed ordinance would result in estimated incremental costs of $147,738 for FY 1998-1999, based on an effective date of April 1, 1999. In FY 1999-2000, the proposed ordinance would result in estimated incremental costs of an additional $450,395, for an approximately 7.5 percent increase above the base salary for these employees. Overall, the Controller's Office estimates the total two-year cumulative cost increase at $745,871.

As noted in the Controller's analysis, these cost estimates are based on MUNI consistently employing a full complement of up to 220 part-time transit operators,

although as noted previously in this report, MUNI currently employs approximately 175 part-time transit operators. If MUNI employs fewer than the 220 part-time operators, the costs reflected in the Controller's estimates would be decreased.

5. The Budget Analyst concurs with the Controller's cost estimates.

6. The funding source for these benefit increases would be the City's General Fund.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO — OFFICE OF THE CONTROLLER

Edward Harrington
Controller

John W. Madden
Chief Assistant Controller

March 11, 1999

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Amendment to Memorandum of Understanding with TWU Local 250A
File No. 99-0280

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the Memorandum of Understanding between the City and County of San Francisco and the Transit Workers Union Local 250A for classification 9163 Transit Operator and related trainee classifications. The amendment covers the period July 1, 1999 through June 30, 2000. Depending on MUNI staffing, this amendment can affect up to 220 part-time employees with a salary base of up to approximately $5.8 million.

Based on our analysis, if MUNI consistently employs a full complement of up to 220 part-time transit operators, the amendment will result in incremental costs of approximately $148,000 in FY 1998-99 and $450,000 in FY 1999-2000. The amendment will result in a cost increase above base salaries of approximately 2.5% in FY 1998-99 and approximately 7.5% in FY 1999-2000. Our estimate assumes that this ordinance becomes effective as of April 1, 1999. Please see Attachment A for specific cost estimates. The estimates shown here are the maximum that would result with a full roster of part-time employees—if MUNI employs fewer than 220 part-time operators, these costs would be decreased.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,

Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

Attachment A
TWU 250A Classification 9163
Estimated Costs 1999-2000
Controller's Office

Annual Incremental Costs/(Savings)	FY 1998-1999[1]	FY 1999-2000
Dependent Health Care	$74,682	$224,046
Retirement Rate Increase	73,056	226,349
Total Estimated Incremental Costs	147,738	450,395
Annual Amount Above 1997-98 Level	147,738	598,133
Cumulative Total Above 1997-98 Provisions		$745,871
Incremental Cost % of Salary Base	2.53%	7.46%

[1] Assumes the amendment becomes effective April 1, 1999

Item 16 – File 99-0410

Note: This item was continued by the Finance and Labor Committee at its March 17, 1999 meeting.

Department: Department of Human Resources (DHR)

Item: Ordinance fixing compensation for City employees by the City and County of San Francisco whose compensations are subject to the provisions of Section A 8.409 of the Charter, in classes not represented by an employee organization, and establishing working schedules and conditions of employment and methods of payment, effective July 1, 1999.

Description: The proposed ordinance would fix compensation levels and establish working schedules and conditions of employment for 99 classifications consisting of 292 employees not represented by an employee organization. Of the 292 positions, 10 are management employees and 282 are non-management employees. Such compensation levels and working schedules are set annually for Unrepresented employees, including positions designated as "A" or unclassified positions, and various other positions. Such classifications include Employee Relations Representative, Contract Compliance Officer, and Project Manager classifications. The proposed ordinance is for the one-year period from July 1, 1999 through June 30, 2000.

This report, as well as the cost analysis from the Controller's Office, pertains only to the fiscal provisions of the subject ordinance which have changed from the ordinance previously approved by the Board of Supervisors for Unrepresented employees in FY 1998-99. Those changes which pertain to fiscal impact from the proposed ordinance are as follows:

Section 2 – Wage Rates

The wage rates for the employees covered by this ordinance were increased by 2 percent effective July 1, 1998 and by another 1.5 percent effective December 26, 1998. The wage rates for 288 of the 292 employees

covered under this proposed ordinance would be increased by an additional 2 percent effective July 1, 1999 and another 1.5 percent effective December 25, 1999.

The proposed ordinance would also increase the salary range for the Confidential Chief Attorney II classification (Classification No. AB44), covering four anticipated positions, by approximately 2.9 percent, from $4,188 - $5,090 to $4,311 - $5,241, biweekly effective July 1, 1999. This increases the effective annual salary to $136,790 at the top step for FY 1999-2000. Ms. Janet Rogers of DHR advises that currently, there are no employees in the Confidential Chief Attorney II classification, but that DHR anticipates four positions to fill this classification effective July 1, 1999.

Furthermore, the proposed ordinance sets the wage rates for 22 Executive Assistant classifications (Classification No. AC01-AC22), effective July 1, 1999. Under the proposed ordinance, the wage rates for the Executive Assistant classifications would be increased by a total of 1.5 percent, effective December 25, 1999. Ms. Rogers reports that DHR anticipates that these 22 positions, if filled, would be by exempt appointments. DHR is unsure how many of the 22 Executive Assistant classifications would be filled. These proposed Executive Assistant classifications would be designated as "A", or unclassified positions. Attachment I, provided by DHR, is a memorandum dated February 22, 1999 from DHR to the Controller's Office which shows that the 22 Executive Assistant classifications have been requested as new positions for inclusion in the FY 1999-2000 budget. At the top step, the annual salary of these positions would range from a low of $32,521 to a high of $145,664.

<u>Section 5 – Internal Adjustment Process</u>

The proposed ordinance stipulates that the costs of any internal adjustments can not exceed an annualized cost of 0.3 percent of the total payroll cost for the employees covered by this ordinance. The estimated internal adjustment cap is $46,365 as noted in Attachment II. At this time, there is no specific list of classifications which are proposed for internal adjustments.

Section 26 – Health and Welfare and Dental Insurance

The proposed ordinance would establish two dependent health care packages, one for Unrepresented management employees, and the other for Unrepresented non-management employees. Presently, both management and non-management employees covered by this ordinance receive a maximum of $225 per month for dependent health coverage if they have dependents.

For non-management employees with dependents under the proposed ordinance, the City would continue to contribute up to $225 for dependent health coverage premium costs per covered employee per month. However, in the event that Kaiser Health increases the cost of health care above the $225 maximum, the City would contribute up to 75 percent of the actual dependent medical care costs, above the flat $225 contribution.

Management employees under the proposed ordinance would receive the same benefits as non-management employees, except that management employees would have the option to allocate the $225 to the Management Flexible Benefits Plan. The Management Flexible Benefits Plan, which is available to only management employees, gives the employee the flexibility to "purchase" certain benefits, such as life insurance, or to apply the $225 to health coverage. Under this proposal, the City would contribute the additional $225 per month for all management employees whether or not they have dependents enrolled in the health service system. Under the current ordinance, and under most MOUs, the City only pays up to $225 per month for employees with dependents.

Section 34 – Life Insurance

Presently, life insurance in the amount of $50,000 is available only to four Unrepresented Department Heads. The proposed ordinance would extend life insurance in the amount of $50,000 to the remaining 6 management employees.

BOARD OF SUPERVISORS
BUDGET ANALYST

Section 35 – Long-Term Disability

Presently, no Unrepresented management or non-management employees receive long-term disability benefits. The proposed ordinance would make a long-term disability benefit available to all 282 eligible Unrepresented non-management employees. Eligible Unrepresented management employees under this ordinance could receive this benefit if they choose to enroll in the Flexible Benefits Plan.

Eligible employees are defined as those employees who have completed six months of full-time continuous service with the City. Such employees would be eligible to receive a long-term (up to age 65) disability benefit equal to 60 percent of their salary earned at the time of disability, following a 180-day waiting period.

Section 36 – Parental Release Time

As required by the State Labor Code, all employees are presently allowed up to 40 non-paid parental leave hours to participate in the activities of a school or licensed child day care facility. Under the proposed ordinance, all employees covered by the ordinance would be granted two paid parental leave hours, against the 40 hours which are now non-paid parental leave.

Section 38 – Severance Pay

Presently, there is no severance pay provision for both Unrepresented management and non-management employees. The proposed ordinance would provide the employees in the Executive Assistant I through XXII classifications, who are involuntarily removed or released from employment with 30 calendar-days notice before the employees' final day of work. The employee would be paid, but not have to actually work during the 30 days after separation, therefore resulting in 30 days of severance pay. If the employee is not notified a full 30 calendar-days in advance, the employee would receive pay for every work day less than the 30 days of notification.

Section 39 – Grievance Procedure

Presently, Rule 18 of the Civil Service Commission provides a Grievance Procedure which outlines the steps an employee should take in order to file a grievance, if no grievance procedure is set for the applicable MOU. However, with the passage of Proposition L, in November of 1993, the City adopted a new Charter section which created DHR. The added Section 10.103 of the Charter set several mandates regarding dispute resolution, including requiring the Director of DHR to develop a Grievance Procedure for Unrepresented employees. The Grievance Procedure in the proposed ordinance fulfills the requirements of Proposition L. Section 39, under the proposed ordinance, would establish a Grievance Procedure under DHR, as required by the Charter. According to Ms. Rogers, DHR had not fulfilled this November 1993 Charter mandate because it had been working to finalize the dispute resolution procedure in the MOUs.

The proposed Grievance Procedure is comprised of three steps which include a written statement of grievance by the employee, a meeting of the employee, immediate supervisor, and department head, and a review of the written grievance by the Director of the Employee Relations Division.

Comments:

1. According to Ms. Peg Stevenson of the Controller's Office, 292 employees would be impacted by the proposed ordinance. However, Ms. Rogers reports that 167 positions, including 63 management positions and 104 non-management positions, would be affected by the proposed ordinance. This report is based on the figures provided by the Controller's Office.

2. As shown in Attachment II, provided by Ms. Stevenson, implementing the proposed ordinance would result in estimated incremental salary and related fringe benefit costs of $612,293 for FY 1999-2000 and an additional $141,285 for FY 2000-2001. Based on a salary base of approximately $15.6 million for the 292 employees that would be affected by the proposed ordinance, this would result in an increase of approximately 3.93 percent

above their base salaries in FY 1999-2000 and an additional 0.88 percent in FY 2000-2001.

3. The Budget Analyst concurs with the Controller's cost analysis.

4. Ms. Stevenson advises that except for the Airport and other special fund type positions, the funding source for General Fund and General Fund-supported departments for these salary and benefit increases would be the FY 1999-2000 General Fund Salary and Benefits Reserve.

5. According to Ms. Rogers, the proposed Executive Assistant classifications, which parallel current Special Assistant classifications, would be created because departments Citywide have identified duties and responsibilities not covered by the existing Special Assistant classifications. The attached memorandum, Attachment III, from Mr. Geoff Rothman of DHR, explains the basis for the creation of these positions.

6. Ms. Rogers reports that all other fiscal provisions not mentioned above would remain unchanged in FY 1999-2000 from what was previously approved by the Board of Supervisors for Unrepresented employees in FY 1998-99. Ms. Stevenson of the Controller's Office concurs.

All other provisions in the FY 1998-99 ordinance for Unrepresented employees would remain the same for FY 1999-2000. Such provisions would not result in incremental cost increases for FY 1999-2000.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

Attachment I

City and County of San Francisco

Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

February 22, 1999

MEMORANDUM

To: Peg Stevenson
Controller's Office

From: Linda Marini
Manager, Merit System Services

Subject: New "A" Classes Assigned for the FY 1999/2000 Budget

The following "A" class codes have been assigned for inclusion in the FY 1999/2000 budget documents:

Class Code	Title	Department	7/1/99 Rate of Pay BW Low	BW High
AC01	Executive Assistant I	Mayor's Office	$1030	$1246
AC02	Executive Assistant II	Mayor's Office	$1107	$1339
AC03	Executive Assistant III	Mayor's Office	$1188	$1440
AC04	Executive Assistant IV	Mayor's Office	$1276	$1547
AC05	Executive Assistant V	Mayor's Office	$1372	$1662
AC06	Executive Assistant VI	Mayor's Office	$1467	$1778
AC07	Executive Assistant VII	Mayor's Office	$1577	$1914
AC08	Executive Assistant VIII	Mayor's Office	$1694	$2058
AC09	Executive Assistant IX	Mayor's Office	$1823	$2215
AC10	Executive Assistant X	Mayor's Office	$1970	$2395
AC11	Executive Assistant XI	Mayor's Office	$2120	$2577
AC12	Executive Assistant XII	Mayor's Office	$2281	$2772
AC13	Executive Assistant XIII	Mayor's Office	$2442	$2969
AC14	Executive Assistant XIV	Mayor's Office	$2627	$3193
AC15	Executive Assistant XV	Mayor's Office	$2827	$3436
AC16	Executive Assistant XVI	Mayor's Office	$3041	$3696
AC17	Executive Assistant XVII	Mayor's Office	$3273	$3978
AC18	Executive Assistant XVIII	Mayor's Office	$3520	$4278
AC19	Executive Assistant XIX	Mayor's Office	$3689	$4484
AC20	Executive Assistant XX	Mayor's Office	$3966	$4821
AC21	Executive Assistant XXI	Mayor's Office	$4270	$5190
AC22	Executive Assistant XXII	Mayor's Office	$4591	$5581

If you have any questions, please call Ana Borja-Valdes, 557-4811.

LM/kh

cc: Mayor's Budget Director
Ron Bladow, PPSD
Donald Mayeda, PPSD
Geoff Rothman, ERD
Janet Rogers, ERD
Janet Bosnich, ERD
Linda Marini, MSS
Ana Borja-Valdes, MSS

aclmo99

44 Gough Street • San Francisco, CA 94103-1233

CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Edward Harrington
Controller

John W. Madden
Chief Assistant Controller

March 18, 1999

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Amendment to the Unrepresented Employees Ordinance
File No. 99-0410

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the ordinance fixing compensation for unrepresented employees for fiscal year 1999-2000. The amendment covers the period July 1, 1999 through June 30, 2000, and affects approximately 292 employees with a salary base of approximately $15.6 million.

Based on our analysis, the amendment will result in incremental costs of approximately $612,000 in FY 1999-2000, and $141,000 in FY 2000-2001. The amendment will result in a cost increase of approximately 3.9% above base salaries for FY 1999-2000. Please see Attachment A for specific cost estimates.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,

Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

Attachment A
Unrepresented Employees
Estimated Costs 1999-2000
Controller's Office

Annual Incremental Costs/(Savings)	FY 1999-2000	FY 2000-2001[1]
Wage Increase 2% on July 1 and 1.5% on Dec. 25	$428,224	120,911
Internal Adjustments	46,365	
Long-Term Disability Insurance	57,735	
Wage-Related Fringe Increases	79,968	20,374
Total Estimated Incremental Costs	612,293	141,285
Annual Amount Above 1998-99 Level	612,293	753,577
Cumulative Total Above 1998-99 Provisions		$1,365,870
Incremental Cost % of Salary Base	3.93%	0.88%

[1]Amount shown is due to annualization of the prior year increase

ATTACHMENT III

City and County of San Francisco

Department of Human Resources

ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

MEMORANDUM

Date: March 19, 1999

To: Shirley Lee
Office of the Budget Analyst

From: Geoff Rothman, Director
Employee Relations Division

RE: **EXECTIVE ASSISTANTS**

Currently there are no executive assistant classifications although these functions are performed City-wide. Consequently, departments are using a variety of classes with different pay rates to allocate these duties and responsibilities. Examples of current classes include high level secretaries, management assistants, administrative analysts, technical managers and special assistants. For some time departments have expressed concern over the City-wide lack of consistency and potential inequity because there were no appropriate classifications for these functions.

Special Assistant classes were expressly created for short-term projects of limited duration. Some employees in the special assistant classes who function as executive assistants have been in these classes for longer periods than anticipated when the classes were initially developed. Thus, the availability of the Executive Assistant positions will resolve issues regarding the appropriate use of classifications and compensation equity.

Unreps-Executive Assistants

44 Gough Street • San Francisco, CA 94103-1233

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Wednesday, March 31, 1999 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:03 a.m.

REGULAR AGENDA

990395 **[Airport Concession Lease]**

Resolution approving the Post-Security Master Retail/Duty Free Concession Lease in the new International Terminal between DFS Group L.P., and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

2/25/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros, Airport.

RECOMMENDED.. by the following vote:

Ayes: 2 - Yee, Bierman
Absent: 1 - Ammiano

990389 **[Public Library Supplemental Appropriation - State Funds]**

Resolution authorizing the San Francisco Public Library to accept and expend a total of $923,493 from the California State Library, Public Library Foundation Program, augmenting the fiscal year 1998-1999 budget with a supplemental appropriation of $481,000. (Public Library)

(Companion measure to File 990438.)

3/8/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Virginia Minudri, Public Library. Amended on lines 3 and 22 to replace "$923,000" with "$481,000"; and on lines 2 and 21 to provide for retroactivity; new title.

AMENDED.

Resolution authorizing the San Francisco Public Library to retroactively accept and expend a total of $481,000 from the California State Library, Public Library Foundation Program, augmenting the fiscal year 1998-1999 budget with a supplemental appropriation of $481,000. (Public Library)

(Companion measure to File 990438.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Bierman
Absent: 1 - Ammiano

990438 [Appropriation, Public Library]

Ordinance appropriating $481,000, Public Library, of Public Library Preservation Funds, for the purchase of books and materials, installation of portable shelves at the Brooks Hall, development of back-up HVAC system, and purchase of a new video editing system, for fiscal year 1998-1999. (Public Library)

(Fiscal impact; companion measure to File 990389.)

3/8/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Virginia Minudri, Public Library.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Bierman
Absent: 1 - Ammiano

990434 [Lease of Property]

Resolution authorizing the lease of real property at 3801 Third Street, Suite 205, for the Department of Human Services. (Real Estate Department)

3/3/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Harry Quinn, Real Estate Department.

RECOMMENDED by the following vote:

Ayes: 2 - Yee, Bierman
Absent: 1 - Ammiano

990212 [Appropriation, Fire Department]

Mayor

Ordinance appropriating $2,127,526, Fire Department, from General Fund Reserve to fund the increases cost of providing emergency medical service (911) and for training Fire Department staff in the use of the new emergency communications system and automated information system and providing for the creation of 18 positions for fiscal year 1998-1999.

(Fiscal impact; Companion measure to File 990213.)

2/8/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

3/29/99, CLERICAL CORRECTION. Clerical correction from Controller's Office on page 1, line 1 and page 2, line 4 to change "$2,137,526" to "$2,127,526".

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Robert Demmons, Chief, Fire Department; Dr. Marshall Isaacs, Medical Director, Fire Department; Supervisor Ammiano; Ed Harrington, Controller; Supervisor Yee; John Handley, President, Firefighters Union; Supervisor Bierman; Matthew Hymel, Mayor's Budget Office. Amended according to Budget Analyst's recommendations, in addition to placing $386,900 on reserve; new title.

AMENDED.

Ordinance appropriating retroactively $1,685,431, Fire Department, from General Fund Reserve to fund the increases cost of providing emergency medical service (911) and for training Fire Department staff in the use of the new emergency communications system and automated information system and providing for the creation of 18 positions for fiscal year 1998-1999; placing $386,900 on reserve.

(Fiscal impact; Companion measure to File 990213.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990213 [Public Employment]

Mayor

Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999) reflecting the creation of 18 positions at the Fire Department.

(Fiscal impact; Companion measure to File 990212.)

2/8/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst's Office; Robert Demmons, Chief, Fire Department; Dr. Marshall Isaacs, Medical Director, Fire Department; Supervisor Ammiano; Ed Harrington, Controller; Supervisor Yee; John Handley, President, Firefighters Union; Supervisor Bierman;; Matthew Hymel, Mayor's Budget Office. Amended to provide for retroactivity; new title.

AMENDED.

Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999) reflecting the creation of 18 positions retroactively, at the Fire Department.

(Fiscal impact; Companion measure to File 990212.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990530 [Parking Meter Revenue Refunding Bonds]

Resolution approving the issuance of Parking Meter Revenue Refunding Bonds (not to exceed $23,500,000) of the Parking Authority of the City and County of San Francisco; approving the form of, and authorizing execution and delivery of a continuing disclosure certificate relating to said Bonds; approving the form and circulation of an official statement relating to said Bonds; authorizing the payment of certain costs of issuance from the proceeds of such Bonds; ratifying previous actions taken in connection with the foregoing matters; and authorizing the taking of appropriate action in connection therewith. (Mayor)

3/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Sara Hollenbeck, Mayor's Office, Public Finance; Ron Szeto, Parking Authority.

RECOMMENDED.. by the following vote:

Ayes: 2 - Yee, Bierman
Absent: 1 - Ammiano

990311 [MBE/WBE/LBE Program]

Supervisor Yee

Hearing to consider the status of the City's Minority Business Enterprise/Women Business Enterprise/Local Business Enterprise (MBE/WBE/LBE) program, specifically if the departments are on track for meeting their goals and the status of the Human Rights Commission's implementation of a data tracking system.

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Marie Harrison; Ileen Hernandez.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 2 - Yee, Bierman
Absent: 1 - Ammiano

ADJOURNMENT

The meeting adjourned at 11:45 a.m.

IMPORTANT INFORMATION

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

990171 [Project Labor Agreement]

Supervisor Brown

Resolution adopting the use of project labor agreements when contracting for the construction of significant public works projects.

2/1/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/3/1999

3/8/99, SUBSTITUTED.

3/8/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 4/7/1999.

990408 [Taxes, Application of Partial Payments]

Supervisor Kaufman

Ordinance amending San Francisco Municipal Code, Part III, by amending Section 6.9-7 providing that partial payments shall be applied first to interest, penalties and costs for that year, and the balance, if any, shall be applied to taxes due for that year.

(Amends Section 6.9-7.)

3/1/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/31/1999.

Watch future agendas for matters.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

March 26, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: March 31, 1999 Finance and Labor Committee Meeting

Item 1 – File 99-0395

Department: Airport Commission

Item: Resolution authorizing a new Concession Lease between DFS Group L.P., and the City and County of San Francisco, acting by and through the Airport Commission for Post-Security Master Retail/Duty Free concessions in the new International Terminal of San Francisco International Airport.

Location: New International Terminal of the Airport

Purpose of Lease: Concession space for the purpose of selling duty free and non-duty free merchandise (see Description below).

Lessor: City and County of San Francisco by and through the Airport Commission.

Lessee: DFS Group L.P.

Square Footage: Approximately 51,914 square feet in total at 25 locations throughout the New International Terminal, including at the main building and the two boarding areas.

Term of Lease: The proposed concession lease would commence in May of 2000 to coincide with the date on which the new International Terminal will open. The lease would be for a period of ten years, terminating in May of 2010.

Annual Rent Payable by DFS Group L.P. to Airport: Beginning from the first year of the lease, and through the duration of the 10-year lease period, the annual rent payable by DFS Group L.P. to the Airport is the greater of either the Minimum Annual Guarantee of $26,100,000.08, subject to a Consumer Price Index (CPI) annual adjustment, or a percentage of gross receipts, as follows:

Gross Receipts	% of Gross Receipts	
	Duty Free	Non-Duty Free
Up to and including $50 million	15%	12%
$50,000,000.01 to and including $100 million	20%	14%
Over $100 million	25%	16%

Utilities and Janitorial Services: The Lessee will pay for the costs of all utilities and janitorial services.

Right of Renewal: None.

Tenant Improvements: Mr. Bob Rhoades of the Airport states that DFS Group L.P. would be required to invest a minimum of $7,787,100 based on $150 per square foot to renovate the subject leased space. According to Mr. Rhoades, the tenant improvements would begin, at the earliest, in December of 1999.

Description of Proposed Lease: Under the proposed lease, DFS Group L.P would operate duty free and non-duty free shops at 25 different locations throughout the New International Terminal. These shops would sell a variety of merchandise including wine,

cosmetics, newspapers, clothing, and sundries to those travelers who present their airplane ticket and passport. Additionally, the proposed lease requires one duty free site in downtown San Francisco. Currently, this shop is located in Union Square.

Comments:

1. DFS Group L.P. currently has a concession lease to operate shops in 5 locations in the International Terminal and one location in Union Square. This current lease has a Minimum Annual Guarantee of $21,000,000 or $5,100,00.08 less than the Minimum Annual Guarantee of $26,100,00.08 for the proposed new subject lease. Attachment I, provided by Mr. Rhoades, identifies: (a) the primary companies which were previously awarded the duty free and non-duty free concession leases related to the International Terminal since 1983, and (b) the amount of the Minimum Annual Guarantee of such companies due to the Airport by each company.

The existing lease was previously awarded by the Airport (Resolution No. 94-0049) to DFS Group L.P. for a three-year term from January 1, 1995 to December 31, 1997. That lease was approved by the Board of Supervisors on June 30, 1994 (File No. 27-94-6). The current lease includes a month-to-month holdover provision on the lease until June 1, 1998, or until the Airport Director determines that international passengers are to be handled in the New International Terminal, whichever comes later, stating:

> *In the event that there is a delay in the Master Plan schedule and the new International Terminal is not completed during this three-year term, the Lessee may continue to operate on a month-to-month holdover under the same terms and conditions, including the payment of the minimum annual guarantee, until international passengers are handled in the new terminal. Lessee will be notified in writing by Director once this date is confirmed.*
>
> *In the event Lessee shall, with the consent of City, holdover and remain in possession of the demised premises after the expiration of the term of this Lease, such holding over shall not be deemed to operate as a*

renewal or extension of this Lease but shall only create a tenancy from month-to-month on the same terms, conditions and covenants, including consideration, herein contained.

2. Mr. Rhoades reports that the Airport Commission awarded the subject proposed new lease to DFS Group L.P. on February 16, 1999 (Resolution No. 99-0035). The Minimum Annual Guarantee of $26,100,000.08 is $1,100,000.08 more than the $25,000,000 minimum bid required by the Airport.

3. Mr. Rhoades states that the basis of the $25,000,000 Minimum Annual Guarantee bid as set by the Airport was determined, as in the past, by calculating 20-25% of the anticipated annual gross revenues. The anticipated gross revenue is formulated by projecting the number of travelers and spending per passenger. Attachment II provided by Mr. Rhoades contains the basis for the calculation of the required Minimum Annual Guarantee of $25,000,000.

4. DFS Group L.P. was the only bidder. According to Mr. Rhoades, there are only two other known duty free operators in the world that could manage a contract of this size, World Duty Free which is a subsidiary of the British Airport Authority (BAA) company and Nuances which is based in Florida. Mr. Rhoades advises that neither of these firms submitted a bid. Both companies expressed some interest early in the procurement process, but declined to bid, according to Mr. Rhoades, because of the minimum investment of $7,787,100 required for this subject proposed new lease. The two companies cited the high price of real estate in downtown San Francisco and the Asian economic crisis as factors in their decision not to submit bids.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Attachment I

History of Primary Duty Free and Non-Duty Free Concession Operators San Francisco Airport

Company	Years of Contract	Minimum Annual Guarantee	Locations
DFS Group L.P. for Duty Free and Non-Duty Free	1983-1989	$7.2 million	International Terminal and downtown site [1]
Allders International, Inc. for Duty Free DFS Group L.P. for Non-Duty Free	1989-1994	$20 million $2.6 million Total $22.6 million	International Terminal and downtown site International Terminal
DFS Group L.P. for Duty Free and Non-Duty Free	1994-present	$21 million	International Terminal and downtown site

[1] Only duty free shops are located dowtown.

Attachment I

POST SECURITY MASTER [illegible]
New International Terminal Building
San Francisco International Airport
(projections are in constant 1997 dollars)

The projections presented in this table were prepared using information from the sources indicated and assumptions agreed to by Airport Management. Inevitably, some of the assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projected and actual results, and those differences may be material.

Contract	Unit No.	Concession Type	Concourse	Unit no.	Term (years)	Unit Sq Ft	Total contract Sq Ft	Unit sales per Sq Ft estimate	Unit sales	Total contract sales	Unit revenue percentage estimate	Unit revenue	Total contract revenue
Contract 1	1	Duty Free	A	AW10	10	8,771		$ 3,000	$ 26,313,000		25%	$ 6,578,250	
	2	Duty Free	G	GS10	10	12,980		3,000	38,940,000		25%	9,735,000	
	3	Duty Free	A	AE80	10	1,995		3,000	5,985,000		25%	1,496,250	
	4	Duty Free	G	GS80	10	1,494	25,240	3,000	4,482,000	75,720,000	25%	1,120,500	18,930,000
	5	Duty Paid	Central	C650	10	1,827		800	1,461,600		15%	219,240	
	6	Duty Paid	Central	C860	10	2,081	3,908	800	1,664,800	3,126,400	15%	249,720	468,960
	7	Convenience	A	AE30	10	417		900	375,300		15%	56,295	
	8	Specialty Retail	A	AE60	10	1,480		800	1,184,000		15%	177,600	
	9	Specialty Retail	A	AE90	10	960		800	768,000		15%	115,200	
	10	Specialty Retail	A	AE70	10	1,544		800	1,235,200		15%	185,280	
	11	Specialty Retail	A	AW70	10	1,033		800	826,400		15%	123,960	
	12	Convenience	A	AW80	10	959		900	863,100		15%	129,465	
	13	Specialty Retail	A	AW40	10	1,040		800	832,000		15%	124,800	
	14	Specialty Retail	A	AW30	10	1,040		800	832,000		15%	124,800	
	15	Specialty Retail	A	AW20	10	1,645		800	1,316,000		15%	197,400	
	16	Specialty Retail	G	GH10	10	1,907		800	1,525,600		15%	228,840	
	17	Specialty Retail	G	GH20	10	1,503		800	1,202,400		15%	180,360	
	18	Specialty Retail	G	GH30	10	2,413		800	1,930,400		15%	289,560	
	19	Specialty Retail	G	GH40	10	505		800	404,000		15%	60,600	
	20	Specialty Retail	G	GH60	10	1,169		800	935,200		15%	140,280	
	21	Convenience	G	GH80	10	313		900	281,700		15%	42,255	
	22	Specialty Retail	G	GS70	10	1,224		800	979,200		15%	146,880	
	23	Specialty Retail	G	GS40	10	1,027		800	821,600		15%	123,240	
	24	Specialty Retail	G	GS50	10	2,050		800	1,640,000		15%	246,000	
	25	Convenience	G	GS20	10	537	22,766	900	483,300	14,872,900	15%	72,495	2,230,935
		TOTAL					51,914			$ 93,719,300 *			$ 21,629,895

Notes:

Forecast sales and revenue assumes 100% occupancy for the first full operating year for the ITB; no phased opening of concessions assumed
Sales and Revenue estimates are stated in constant 1997 dollars, actual amounts will vary
Square footage estimates and concession types listed herein are subject to change
Does not include future concession expansion space totalling 3,139 square feet on the east wall of the central terminal

Leigh Fisher Associates

* The minimum required bid of $25,000,000 set by the Airport is 25% of the projected Total Contract Sales of $93,719,300, rounded up to $25,000,000.

Items 2 and 3 – Files 99-0389 and 99-0438

Department: Public Library

Item: File 99-0389: Resolution authorizing the San Francisco Public Library to accept and expend a total of $481,000 from the California State Library, Public Library Fund.

File 99-0438: Supplemental appropriation ordinance appropriating $481,000 from the California State Library, Public Library Fund for the purchase of books and materials, installation of portable shelves at Brooks Hall, development of a back-up heating, ventilation and air conditioning (HVAC) system for the Main Library computer room and purchase of a new video editing system for the Main Library.

Amount: $481,000

Source of Funds: California State Library, Public Library Fund

Description: File 99-0389

Each year, the California State Library, Public Library Fund allocates funding to State-certified public libraries by using a per capita formula based solely on the population of the public library's service area. The San Francisco Public Library (SFPL) was previously certified by the State to receive $442,493 of these State funds in FY 1998-99. Such funds were appropriated by the Board of Supervisors in the SFPL FY 1998-99 budget.

Since the Board of Supervisors approval of the SFPL FY 1998-99 budget, the State Legislature increased the FY 1998-99 Statewide allocation of the State Public Library Fund by $20 million, from $18,870,000 to $38,870,000. As a result, SFPL is now entitled to receive an additional $481,000 for the current fiscal year, which would result in a total allocation of $923,493 for FY 1998-99.

This proposed resolution (File 99-0389) would authorize SFPL to accept and expend such additional State grant funds of $481,000.

File 99-0438

A description of the items to be acquired under this $481,000 supplemental appropriation request is as follows:

$250,000 would be allocated to acquire books and materials, including $112,000 for the Main Library, $102,000 for the 26 Branch Libraries, and $36,000 specifically for books and materials for the Children and Teens Sections of the Main Library and the 26 Branch Libraries.

$40,000 is for a Non-Linear Video Editing System in the Main Library. According to Ms. Eve Sternberg of SFPL, a Non-Linear Video Editing System captures and digitizes video footage so that video programs can be edited within the computer. This digital cut and paste approach allows for more efficient video editing and instantaneous changes to the video program. The existing video editing system, operated by a nine year-old Commodore Amiga 4000 computer, is outdated and frequently malfunctions. Ms. Sternberg reports that it is difficult to find technical service and support for the video editing equipment currently used by the Main Library, since the Commodore computer company went out of business in 1996.

$41,000 is for a backup HVAC unit for the Main Library Computer Room. Presently, there is no backup HVAC system for the Main Library Computer Room which houses the SFPL mainframe computer. Without such a backup system, the mainframe computer, which stores valuable information, including records of library patrons and the online catalog, is at risk of failing if the HVAC system is unable to control the room temperature.

$150,000 is for the cost to reinstall portable compact shelving, presently located on the lower level of the Old Main Library into space at Brooks Hall. Mr. George Nichols of SFPL explains that presently, the compact shelving installed in the old Main Library is not being used because the Old Main Library is being renovated into a new Asian Art Museum. SFPL is currently using a portion of space in Brooks Hall to store (a) older books, (b) books not-yet-catalogued, (c) special collection books, and

(d) archival material. However, such books and materials are not on shelves but are in boxes and pallets, and therefore, are not readily accessible for loaning out to Library patrons. By moving the compact shelving from the Old Main Library and reinstalling this shelving in Brooks Hall, such books and materials would become more accessible to the public who would be able to check these books out at the Main Library by requesting library staff to retrieve particular books and materials from the proposed shelves at Brooks Hall. The proposed compact shelving expenditure would provide an estimated 21,228 feet of shelving to hold an estimated 212,280 books.

Budget: A summary budget for the proposed supplemental appropriation from State Public Library Fund in the amount of $481,000 is as follows:

Category	Amount
Books and Materials	$250,000
Portable Book Shelves	150,000
Non-Linear Editing System	40,000
Backup HVAC System for Computer Room	41,000[1]
Total	**$481,000**

The attachment, provided by SFPL contains a detailed budget and explanations to support this summary budget shown above.

Comments: 1. Since $442,493 of the State grant funds were previously approved by the Board of Supervisors in the SFPL FY 1998-99 budget, the proposed resolution (File No. 99-0389) should be amended to authorize SFPL to accept and expend a total of $481,000 and not $923,493 as the resolution currently states.

2. According to Mr. Nichols, SFPL has accepted the proposed $481,000 in State Public Library Funds prior to obtaining Board of Supervisors approval of this subject resolution because the resolution and supporting documents for consideration by the Board of Supervisors

[1] Total estimated cost is $44,924. According to Mr. Nichols, the balance of $3,924 ($44,924 less $41,000) would be paid for from non-restricted Library gift funds.

were apparently misplaced in late January 1999. Therefore, the proposed resolution (File No. 99-0389) should be amended to provide for retroactivity.

Recommendation:

1. In accordance with Comment No. 1, amend the resolution (File No. 99-0389) to authorize the San Francisco Public Library to accept and expend a total of $481,000 from the California State Library, Public Library Foundation Program, and not $923,493 as the resolution currently states.

2. In accordance with Comment No. 2, amend the resolution (File No. 99-0389) to retroactively accept the proposed funds.

3. Approve the proposed resolution (File No. 99-0389) as amended and approve the proposed ordinance (File No. 99-0438).

PUBLIC LIBRARY FOUNDATION PROGRAM (PLF)
GRANT AUGMENTATION
BUDGET DETAILS

1. Library Books and Materials

Main Library adult books/materials in subject areas of business, economics and political science	$72,000
Main Library standing orders and business services (such as annual reports, corporate financial statements, and other reference business financial information that is updated periodically)	40,000
Mission Branch Library collection augmentation in connection with opening of renovated branch	30,000
Oceanview Branch Library collection augmentation in connection with construction of new branch	15,000
Foreign language materials for Branches	35,000
Branch Library adult books/materials in subject areas of business, economics and political science	22,000
Systemwide childrens/teens books and materials in foreign languages	14,000
Systemwide children/teens general interest books and materials	22,000
TOTAL LIBRARY BOOKS AND MATERIALS	**$250,000**

2. Non-Linear Editing System

Avid Express NT deluxe board sets, software and Fully configured IBM Intellestation workstation, Realtime system with AVR 77	$26,850
Sony 520GS 20 inch monitor	2,570
Avid Xpress NT Keyboard	95
Avid IS18 18BG hard drives stripped for 36 GB Array, 5 year overnight replacement warranty	4,500
Puffin Commotion paint/matting software	2,385
Whirlwind BNC010 BNC cables	50
Avid Assurance technical support	1,695
Horita BSG50 black burst generator	272
Roland MA12CP powered audio monitors	259
Delivery, set-up, system testing, ½ day training	1,034
Tax	290
TOTAL NON-LINEAR EDITING SYSTEM	**$40,000**

3. Backup HVAC for Computer Room

10-ton Compu-Air Air-Cooled Computer Room Air Conditioning Unit	17,924
Installation: to be carried out by Pacific Coast Trane Service (12B compliant, non-MBE/WBE) through a work order to DPW	27,000
Subtotal	44,924
Less cost to be funded by Library Gift Fund	(3,924)
TOTAL HVAC BACKUP UNIT	**$41,000**

4. Portable Compact Shelving Moving/Re-Installation/Book Shelving

Moving and Re-Installation contract to be bid by Purchasing Department (estimate based on telephone quotes)	$107,000
Movement and shelving of books in compact shelving, Contract to be bid. Estimate based on vendor quote of $2.03 per linear feet of shelf space.	43,000
TOTAL COMPACT SHELVING MOVE/INSTALL	**$150,000**
TOTAL PLF AUGMENTATION BUDGET	**$481,000**

Proposed Budget for Supplemental Appropriation from State Library PLF Funding

Books and Materials **$250,000**

The majority of the additional PLF funding will be used to acquire books and materials. This includes books and materials, standing orders and business services for the Main Library ($112,000), books and materials, standing orders and business services for Branch Libraries ($102,000), and books and materials for Children and Teens ($36,000).

Non-linear Editing System **$40,000**

The video editing equipment currently in use in the library's Media Services unit is fast becoming obsolete and prone to breakdowns and crashes. The system which includes an integrated video graphics, titling and editing controller, resides within a Commodore, Amiga 4000 computer. The Commodore computer company went out of business in 1996. Since then services and support for these machines has dropped off dramatically. Because the platform is not PC based, the library's computer support staff are not able to provide technical assistance to Media Services in support of the Commodore platform. Over the past year the system has experienced hard drive problems that have been corrected by Media Services staff with the assistance of staff from Citywatch/Ch. 54. But soon the system will probably fail for good, leaving Media Services without a video editing system.

Besides the Commodore systems pending demise, the system is also obsolete in its design as a traditional linear analog video editor. The system is tape based, which means a video program is edited on to videotape in a linear sequence. In the past few years, video editing technology has become digital. Non-linear digital video editing systems use video footage that has been captured and digitized into data files, which allows video programs to be edited within the computer in a cut and paste fashion. This digital cut and paste approach makes video editing quicker and allows for instantaneous changes in the edited program. The cut and paste method of video editing is not possible in a tape based linear system. A similar analogy is the advent of word processing as compared to typewriters.

A complete digital non-linear editing system is comprised of a Pentium II 333 (or better) MHz CPU, digital video editing software, digital video editing capture board hardware, multiple large hard drive data storage hardware, two 17" SVGA computer monitors, a 20" video monitor and stereo speakers. The most cost-effective method of purchase for the Avid Express NT system is a complete turnkey package for the price of $40,000. This system will meet the video production needs of the library system for years to come. The Avid video editing system is the proven leader in digital non-linear editing systems and has become the industry standard.
Since the system is PC based, it can be easily integrated into the library's computer network.

Back-Up HVAC Unit for Computer Room **$41,000***

The recent PG&E power failure nearly disabled SFPL on-line services. Our single computer room air conditioning unit was tripped off, and we have no back-up system.

Computer room systems and electronics generate heat. The Computer Room air conditioner must control heat dissipation. A failure of the computer room cooling system can result in a condition known as a Thermal Runaway.

Thermal Runaway occurs when the equipment continues to generate heat faster than it can be dissipated. The temperature will continue to rise until the equipment fails or a fire breaks out. Some electronic components and disk drives begin to stress and fail at as low as 86 degrees Fahrenheit. Computer room temperature can reach 100 degrees Fahrenheit in as little as one hour after a cooling system failure.

Computer room equipment replacement costs would exceed $5 million if there were to be a catastrophic failure or Thermal Runaway.

*total cost is $49,0000. Balance paid from non-restricted miscellaneous gift funds.

Portable Compact Shelving Re-Installation for Brooks Hall $150,000

The valuable compact shelving currently installed on the lower level of the old Main Library Building with its tracks encased in concrete must be extracted, and moved to Brooks Hall.

A false floor will be constructed at Brooks using plywood platforms covered with "place & press" vinyl-flooring to facilitate cleaning. New tracks will be installed on the false flooring and the movable shelves will be reconnected with new hardware. In the final stage of this project, specified elements of the library's collection will be moved to these shelves by the contractors.

Item 4 – File 99-0434

Department:	Department of Human Services (DHS) Department of Real Estate (DRE)
Item:	Resolution authorizing a new lease of real property at 3801 Third Street, Suite 205
Location:	3801 Third Street, Suite 205
Purpose of Lease:	To obtain space for the Ruth E. Smith Foster Care Demonstration Project, a program established to keep children out of the foster care system.
Lessor:	Bayview Plaza, LLC
Lessee:	City and County of San Francisco
No. of Sq. Ft. and Cost Per Month:	Approximately 1,800 square feet at $1.60 per square feet per month, for a total of $2,880 per month.
Annual Cost:	$8,640 for the first fiscal year of the lease from April 1, 1999 through June 30, 1999 (three months); then $34,560 for each of the following four fiscal years from July 1, 1999 through June 30, 2003.
Utilities and Janitorial Services:	The lessor would be responsible for utilities and janitorial service.
Term of Lease:	The four-year and three-month lease would commence on April 1, 1999 or upon completion of the tenant improvements, whichever is later, and expire thereafter on June 30, 2003.
Right of Renewal:	The City has an option to renew the lease for one five-year term at 95% of the Fair Market Value
Source of Funds:	According to Ms. Rose Chow and Mr. Christian Griffith of DHS, $8,640, which represents three months of rent, was approved for the subject lease in the DHS budget for FY 1998-99. Approximately 36% of the $8,640 in rental costs

is covered by the General Fund, with the balance provided by 37% Federal and 27% State funding.

Description: The site of the proposed lease will house the Ruth E. Smith Foster Care Demonstration Project, which began in late 1998. The Project staff is comprised of a team of employees from various City departments, including the Juvenile Probation Department, and Mental Health and Maternal Child Health Divisions of the Department of Public Health. Project staff provides various services including mental health, substance abuse counseling, and community outreach.

According to Mr. Bill Bettencourt of DHS, this integrated services team will serve approximately 650 families annually in the Bayview Hunters Point, Potrero Hill and Visitacion Valley areas. Mr. Bettencourt states that of the anticipated 650 families to be served each year, approximately 200 will be new to the Project. This neighborhood model, which includes a component that assists relatives caring for children whose parents are unable to do so, seeks to achieve positive outcomes and keep children out of the foster care system.

The Project, as well as several other DHS projects, is currently housed in Suites 110, 210, 220, and 230 of the same building, 3801 Third Street, for a total of 7,715 square feet for 40 employees. Suites 110, 220, and 230 constitute 7,085 square feet of office space. These suites are leased by DHS under one lease at a monthly rental rate of $1.35 per square foot, or approximately $9,565 per month for an annual rent of $114,777. Suite 210, which is 630 square feet, is leased separately by DHS at a monthly rental rate of $1.50 per square foot, or $945 per month for an annual rent of $11,340.

Attachment I, provided by Mr. Bettencourt, explains the need for DHS to acquire new space, the current location of the staff to be located in Suite 205, and the purpose of co-locating Department of Public Health (DPH) staff. Attachment II, provided by Ms. Anne Okubo of DPH, confirms that five DPH staff would also be stationed at the proposed lease site.

In total, DHS presently leases Suites 110, 210, 220, and 230 for 7,715 square feet of office space at the 3801 Third Street site or approximately 192.9 square feet per employee for 40 employees, who are currently assigned to the Ruth E. Smith Demonstration Project and other DHS Family and Children's programs. The total presently leased office space includes conference, waiting, and child visitation rooms. The proposed new lease for Suite 205 would add 1,800 additional square feet for a total of 9,515 square feet of office space for 57 employees, or approximately 166.9 square feet per employee, for the Project and other DHS Family and Children's programs located at 3801 Third Street. Specifically, there are 17 new staff to be located in the proposed subject new lease of 1,800 square feet of Suite 205, resulting in 105.9 square feet per employee. Of the 17 new Family and Children staff to be located in Suite 205, ten are directly assigned to the subject Foster Care Demonstration Project.

Comments:

1. Leasehold Improvements

According to Ms. Venegas of the DRE, the lessor will pay for leasehold improvements at an estimated cost of $40,000. Such improvements include building out office space and internal walls, floor covering, painting, electricity, and heating. Leasehold improvements are expected to be completed 30 days of the approval of this resolution.

2. Fair Rental Value

Ms. Venegas advises that the proposed rent of $1.60 per square foot represents fair rental value for the property. The $1.35 rental rate per square foot per month for Suites 110, 220, and 230 and the $1.50 rental rate per square foot per month for Suite 210 were set on March 27, 1998 and July 11, 1998, respectively.

Recommendation: Approve the proposed resolution.

Family and Children's Services Division

Memo

To: Shirly Lee, Budget Analyst's Office

From: Bill Bettencourt, Deputy Director

Date: March 24, 1999

Re: Suite 205, 3801 Third St.

With increased revenue from the State Budget this year, we have recently completed hiring 45 new staff total. Of these staff, 25 child welfare workers are currently in training in classrooms at 1650 Van Ness Ave. They also do what we call "shadowing" experienced child welfare workers a few hours each week, which entails literally going with them to see children and families or to go to court hearings. These new workers do not have work stations in any of our buildings, nor do any of our buildings have the space needed to provide these work stations.

Of these 25 workers, 7 will be going to Suite 205 at 3801 Third St. along with 1 supervisor, 1 clerical support staff, and 1 human services technician. They are a unit that will be part of the Ruth E. Smith Foster Care Demonstration Project, which is a five year demonstration project.

The project is unique to San Francisco in that we will be using an integrated services team approach to bring to families the array of services they need, rather than having them have to wade through various systems in order to get those services. The project includes federal funds for this purpose and we work ordered funds to DPH who has hired mental health, nursing, substance abuse and psychological consulting staff, a total of five, to be part of this integrated team of the project. DPH simply hires for us under this arrangement since we do not have the expertise to hire in these fields. The staff themselves, however, are supervised by us, paid by us, and so will be located with us full-time.

The project also provides federal funds to hire community outreach staff (1) and clerical support (1) to work with the schools, churches, community agencies, and businesses in the southeast sector of the city to support and coordinate with this project.

A total of seventeen (17) staff then will be located in this office: 1-Child Welfare Supervisor; 7-Child Welfare Workers; 1-Human Services Technician; 1-Clerical Support Staff; 5 Integrated Services Staff hired by work ordering funds to DPH; 1 Community Outreach Staff and 1 Clerical Support Staff hired through federal project funds.

This project is a major piece of our strategic plan to reduce the number of children in foster care and to better serve children and families at-risk. The Southeast area of the city accounts for 25% of the referrals to the child welfare system. Besides the fact that we do not have any space in any of our existing buildings for these staff, this project is "community-based" and the staff need to be in space in the community or it will not work.

There are additional staff in training who also do not have space in any of our buildings. We will be bringing forward another request for leasing space at 225 Valencia St. in the near future because we need additional space for these staff who have no work stations currently and none available in existing space. We will provide you with the details of this staffing configuration when we present this to you as well.

I hope this provides you with the verification you need to move this forward. Feel free to contact me should you need further information.

City and County of San Francisco

Department of Public Health

March 25, 1999

Harvey Rose
Budget Analyst
1390 Market Street, Suite 1025
San Francisco, CA 94102

Dear Mr. Rose:

The Department of Public Health has a workorder to provide services for the Department of Human Services. This work order will fund DPH positions.

Five of the DPH workorder positions will be housed at 3801 3rd Street, Suite 205 for the Ruth E. Smith foster care demonstration project.

Sincerely,

Anne Okubo
Budget Manager

cc: Shirley Lee, Budget Analyst
Christian Griffith, DHS
Monique Zmuda
Sai Ling Chan-Sew

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Items 5 and 6 - File 99-0212 and File 99-0213

Department: San Francisco Fire Department (SFFD)

Items: File 99-0212

Ordinance appropriating $2,127,526 to fund the increased cost of providing Emergency Medical Services (EMS) and for training Fire Department staff in the use of the new Emergency Communications System and Automated Information System and providing for the creation of 18 new positions at the Fire Department.

File 99-0213

Ordinance amending the FY 1998-99 Annual Salary Ordinance (ASO) reflecting the creation of 18 new H2 Firefighter positions in the Fire Department.

Amount: $2,127,526

Source of Funds: General Fund Reserve

Description: ***Fire Department Justification for the Proposed Supplemental Appropriation***

According to a memorandum dated February 3, 1999 to the Finance and Labor Committee by Robert Demmons, Chief of the Fire Department, the purpose of this proposed supplemental appropriation is to: 1) provide funding for staff to increase the number of ambulances used to deliver Emergency Medical Services from 17 to 21 per day at a cost of $1,420,506 in Fiscal Year 1998-99 for overtime; 2) accelerate hiring of new recruits during FY 1998-99 at a cost of $627,020 in salaries and fringe benefits; 3) provide $45,000 in funding to cover the cost of refurbishing a portion of Fire Station 20 (located at 285 Olympia Way) in order to provide computer training space for the new E9-1-1 system; and, 4) to provide 44 portable computer work stations, at a cost of $35,000, that will be used to conduct the E9-1-1 training.

The budget for the proposed supplemental appropriation for increased spending retroactive from November, 1998 (when advanced EMT training started) through June, 1999 is shown on the following page.

Budget for Proposed Supplemental Appropriation	
Permanent Salaries, Uniform	$513,951
Fringe Benefits	113,069
Subtotal	627,020
Overtime Salaries	1,420,506
Other Current Expenses	45,000
44 Computer Workstations	35,000
Total	$2,127,526

File 99-0213 would create 18 new Firefighter positions to permit the accelerated hiring of new recruits so that permanent staffing of the four additional ambulances can be achieved during the 1999-2000 Fiscal Year. Such increased permanent staffing are expected to decrease the Fire Department's reliance on overtime expenditures for the increased EMS service. The positions that are proposed and related salaries are shown in the table below.

No. of FTE Positions	Classification	Title	Step 1 (Biweekly-Annual)	Step 5 (Biweekly-Annual)
18	H2 N	Firefighter	$1,544 $40,298	$2,164 $56,480

The annual cost of the requested 18 positions would range from $884,944 at Step 1, including salaries of $725,364 and fringe benefits of $159,580, to $1,294,864 at Step 5, including salaries of $1,016,647 and fringe benefits of $278,217.

The Chief of the Fire Department states in his memorandum that the SFFD has experienced a 37.5 percent increase in calls for emergency medical services since projections were completed for the FY 1998-99 budget, resulting in a need to respond to an average of 220 calls for service per day as opposed to the original estimate of 160 calls for service per day. The FY 1998-99 SFFD budget provides for operation of 17 EMS ambulances per day, with Firefighter Paramedics working 24 hour shifts. Based on 220 EMS calls per day, according to the memorandum, the average workload per ambulance increased from approximately nine calls per day to approximately 13. The national average for response to calls for EMS services is 10 calls in a 24 hour period, according to the SFFD.

In an effort to reduce the workload for Firefighter/Paramedics to a "safe and reasonable level" the SFFD decided to accelerate its plan to implement the Basic Life Support (BLS) tier of the Emergency Medical Service program, beginning January 1, 1999.

Currently, all SFFD EMS ambulances are staffed with two paramedics that provide Advanced Life Support (ALS). ALS treatment, which requires approximately 1,200 hours of paramedic training, includes advanced levels of assessment and treatment, and the administration of medication, including intravenous medication.

The SFFD plan to implement Basic Life Support (BLS) would staff four additional ambulances daily using two Firefighters with advanced Emergency Medical Technician (EMT) training. BLS can be provided by individuals with Emergency Medical Technician (EMT) certification, which involves 120 hours of training and at least four hours of defibrillation training. (Defibrillation is a procedure used in cases of cardiac arrest, in which an electric shock is administered to the heart to restore its normal rhythm.) BLS treatment includes first aid, cardiopulmonary resuscitation (CPR) and defibrillation.

By adding four additional BLS ambulances, bringing the average number of ambulances in daily service to 21 (with daily operations ranging from19 to 23 ambulances), the workload per ambulance would be reduced from an average of 13 per day to less than 11 per day, based on the projected 220 total calls per day, according to the SFFD.

The costs of implementing the BLS tier of EMS would therefore include advanced EMT training of 36 Firefighters on an overtime basis (which was conducted in November, 1998) and the cost of staffing the additional four ambulances for a period of six months. Since the Firefighters staffing the additional ambulances would be removed from service in Fire Suppression, they must be replaced, or "backfilled" by Firefighters working overtime, according to the SFFD.

The cost of implementing the BLS tier for six months, retroactive from November, 1998 through June, 1999 (advanced EMT training was conducted in November, 1998) is therefore summarized as follows:

Overtime costs for training of Firefighters to provide BLS Service	$ 298,624
Cost of Staffing four additional ambulances (overtime pay for backfilling suppression)	1,121,882
Total Overtime Request	$ 1,420,506

Attachment 1 to this report, from Ms. Debra Ward, Chief Financial Officer of the SFFD, provides an explanation for the $1,121,882 in overtime to staff four additional ambulances for six months to provide the BLS tier of EMS service.

The SFFD is not requesting additional ambulance vehicles for the increased EMS service. Currently, the SFFD has a fleet of 31 ambulances which, according to Ms. Ward, will be sufficient to operate 21 EMS ambulances on a daily basis while maintaining an adequate fleet reserve. However, due to increased ambulance vehicle utilization with the implementation of BLS service, future ambulance vehicle related costs can be expected to increase. Ms. Ward reports that the SFFD is requesting five new replacement ambulances, at a total cost of $680,000 (an average cost of $136,000) in its proposed FY 1999-2000 budget.

In addition to the increased overtime costs above, the Department proposes to hire and train additional Firefighters, on an accelerated basis, so that overtime costs can be reduced as the four additional BLS ambulances would be staffed by permanent Firefighter positions. The SFFD therefore proposes to hire 24 Firefighter recruits beginning March 1, 1999 and 12 additional Firefighter recruits to begin training on May 25, 1999. The cost for the additional 24 Firefighter recruits for the period retroactive from March 1, 1999 to June 30, 1999 and 12 Firefighter recruits for the period from May 25, 1999 through June 30, 1999 are budgeted in the proposed supplemental appropriation as follows:

Permanent Salaries – Uniform	$ 513,951
Mandatory Fringe Benefits	113,069
Total	$ 627,020

Lastly, the SFFD states that, in order to prepare for the implementation of the new E-9-1-1 system, the Department will be required to train current staff on the operations and features of the new call taking and dispatch functions as well as the Records Management System within the next few months. Implementation of the new system is anticipated in November, 1999. In order to do so, the SFFD proposes to use four training sites, including three existing training sites and a new training facility to be constructed at Fire Station 20. The proposed supplemental appropriation requests $45,000 for refurbishment of a training area comprising 1,100 square feet in Station 20 and $35,000 to purchase 44 training work stations at a cost of approximately $795 per work station.

Attachment 2 to this report, provided by Ms. Ward, details the proposed budgets for the Fire Station 20 refurbishment in the amount of $35,145 ($9,855 less than the requested $45,000) and 44 computer work stations for four training classrooms at a cost of $36,226, or $1,226 more than the requested $35,000.

Analysis

The ongoing, annualized cost of this proposed supplemental appropriation will exceed $2.59 million.

The SFFD reports that a total of 36 new Firefighter positions will be required to staff the four additional EMS ambulances per day for twelve months. This proposed supplemental appropriation requests 18 additional Firefighter positions. Accordingly, the SFFD will be requesting 18 additional new Firefighter positions for the period July 1, 1999 through June 30, 2000 in the FY 1999-2000 budget.

At the top salary step, the annual ongoing cost of 36 new Firefighter positions, at current salary rates will be $2,589,728 including Mandatory Fringe Benefits. There will also be incremental costs for materials and supplies and other non-salary expenditures.

Projected Fire Department Deficit

Based on the Controller's latest monthly projections, prepared March 1, 1999, the SFFD will overspend its General Fund original budget by $2,331,631, and will overspend its revised budget by $2,317,411 as shown in the table below. The Budget Analyst concurs with the Controller's estimate.

Controller's Projected SFFD FY 1998-99 Budget Deficit

	Original Budget	Revised Budget	Controller's Year End Projection *	Surplus/ (Deficit) Compared to Original Budget	Surplus/ (Deficit) Compared to Revised Budget
Permanent Salaries	$101,916,337	$97,807,369	$99,492,561	$2,423,776	$(1,685,192)
Temporary Salaries	37,224	37,224	380,656	(343,432)	(343,432)
Premium Pay	2,107,854	2,107,854	3,319,934	(1,212,080)	(1,212,080)
Overtime	3,095,629	7,215,686	6,495,847	(3,400,218)	719,839
Holiday Pay	5,290,587	5,290,587	5,496,784	(206,197)	(206,197)
Fringe Benefits	17,193,731	17,196,862	16,787,211	406,520	409,651
Total	$129,641,362	$129,655,582	$131,972,993	$(2,331,631)	$(2,317,411)

* Controller's projections are based on year to date expenditures and continued spending at the same rate as the actual expenditures in the last pay period available (pay period ending 2/19/99).

The Airport will increase funding for Fire Department Services it receives and therefore decrease the deficit projection.

The SFFD reports that a large portion of the Controller's projected deficit is due to the fact that the SFFD General Fund budget has been subsidizing services to the San Francisco International Airport (SFIA). The SFFD has provided the SFIA with more fire suppression and EMS staff than currently budgeted in the Department's SFIA funded program budget. Such increased staffing for the SFIA has been provided on an overtime basis. The projected amount of the General Fund SFFD deficit that is attributable to the SFIA in FY 1998-99 is $1,251,406 according to Ms. Ward. The Budget Analyst has confirmed with Mr. Marcus Perro, SFIA Budget Director, that

the SFIA has agreed to reimburse the SFFD for such services by transferring surplus SFIA funds to the SFFD.

When this transfer of SFIA is completed, the projected SFFD General Fund deficit would be reduced by $1,251,406 from $2,317,411 to $1,066,005.

The Fire Department has increased the number of EMS ambulances staffed on a daily basis and increased spending without first obtaining Board of Supervisors approval. Therefore, even if this level of service is totally reversed for the remainder of the current 1998-99 Fiscal Year, some portion of the projected Fire Department budget deficit is unavoidable.

The SFFD began training Firefighters for implementation of the BLS tier of EMS services in November, 1998. Additional BLS ambulances were put into service in December, 1998 and the four additional ambulances were fully operational beginning in early January, 1999 according to Mr. Richard Shortall, Chief of Emergency Medical Services.

Since January, 1999, the SFFD has therefore been incurring overtime expenditures for operation of the four additional BLS ambulances with the knowledge that such an action would result in the SFFD overspending its budget without Board of Supervisors approval of a supplemental appropriation. According to Mr. Matthew Hymel, the Mayor's Director of Finance, the Mayor's Office approved of the SFFD plan for increased service and agreed to forward the supplemental appropriation to the Board of Supervisors.

Since the SFFD has already incurred expenditures related the increased EMS service as proposed in this supplemental appropriation, for approximately three months of the six month period that would be funded, the Department would face a year end budget deficit even if the Board of Supervisors disapproved the proposal to fund the implementation of the BLS tier of EMS service.

Implementation of the plan to transfer EMS responsibility from the Department of Public Health to the Fire Department in Fiscal Year 1996-97 has clearly resulted in increased spending for EMS service as was previously projected by the Budget Analyst. However, the number of Paramedics available to provide EMS service has been reduced and the number of Paramedic Supervisors has been increased significantly. The SFFD maintains that there has been an overall increase in the number of personnel providing EMS service in the field at all times.

In April, 1997, the Board of Supervisors approved a supplemental appropriation of approximately $1.6 million and related legislation to transfer responsibility for EMS services from the Department of Public Health to the SFFD. The plan to do so was documented in a report prepared by the DPH Emergency Medical Services Agency, that continues to have regulatory and oversight responsibility for EMS services. The February 1996 EMSA report, "Optimizing the Configuration of San Francisco's Emergency Medical Services," summarized the reasons for the proposed changes to the EMS system as follows: (1) to ensure faster response times for emergencies throughout the City; (2) to use resources more cost-effectively through careful targeting of emergency services to emergency needs; (3) to offer better emergency service to all neighborhoods, particularly those that are currently underserved; and (4) to eliminate wasteful duplication of services.

The EMSA report described the transition of EMS from DPH to SFFD responsibility as "cost-neutral". However, in April, 1997 the Budget Analyst reported to the Board of Supervisors that costs would increase by as much as $1.0 million annually, not including future salary increases, due to increased supervisory positions (which were offset by a reduction in Paramedic positions) and cross training of Firefighter/Paramedics.

The SFFD's implementation of the EMS transition was reflected in the FY 1998-99 budget. The table below shows the former DPH positions that were eliminated and the SFFD positions that were created.

DPH EMS Positions Deleted and SFFD Positions Created

Class	Number	Annual Salary	Position	Budget Amount
			Positions Deleted	
2532	169	$ 60,108	Paramedic	$(10,073,892)
1819	1	64,989	Mgt. Information Specialist	(64,602)
2530	1	64,676	Senior Medical Steward	(64,233)
2534	13	71,305	Paramedic Supervisor	(920,580)
2529	1	70,079	Assistant Chief, Paramedic Division	(69,574)
2531	1	75,742	Deputy Chief, Paramedic Division	(75,813)
2535	1	83,494	Chief, Paramedic Division	(83,604)
	187		Total Positions Eliminated	$(11,352,298)
			Positions Created	
H 1	156.5	$ 62,327	Fire Rescue Paramedic	$ 9,641,344
H 33	28	74,881	Captain – EMS	2,081,487
H 43	5	89,888	Section Chief - EMS	445,979
H 53	1	103,930	Chief, Emergency Medical Services	100,355
	191.5		Total Positions Created	$ 12,269,165

The Budget Analyst notes that the SFFD's implementation of the EMS transition plan was consistent with the plan reported to the Board of Supervisors in April, 1997.

The table above shows that there are currently 12.5 fewer Paramedic positions providing EMS service under the SFFD than the number of positions under DPH, and that there has been a large increase in supervisory positions. Specifically, under DPH, there were 13 Paramedic Supervisor positions. Currently, under the Fire Department, supervision of Fire Rescue Paramedics is provided 28 Captains positions. This represents an increase of 16 supervisory positions or 115 percent. This increase in supervision was part of the plan as a means of correcting understaffing of Paramedic Supervisors under the Department of Public Health. According to EMS Chief Shortall, Paramedic Captains are available, and do provide Paramedic services whenever required. Other factors such as the 24-hour shift for Paramedics and less down time during shift changes, according to Chief Shortall, actually result in an increased availability of personnel at all times.

Compared to the cost of EMS services under the DPH, the cost for Paramedic and EMS related salaries, as shown in the table above have increased by $916,867, plus approximately $156,000 in related increased fringe benefit costs, for a total increased cost of $1,072,867. The reasons for this increased costs are higher salary levels for all positions, a 115 percent increase in the number of supervisory personnel, and higher paid top management positions.

The EMSA plan did not discuss the minimum required number of Paramedics to meet the demand for EMS service. The plan presented data that the DPH Paramedics were averaging 170 dispatches per day. According to EMS Chief Richard Shortall, all discussions during formulation of the plan referred to an average of 160 calls per day. However, this number of calls disagrees with data compiled by the EMSA. This discrepancy is examined further below.

Based on comparisons with historical data that is described as unreliable by EMS management and the EMSA, Emergency Medical Service calls for service, and related transports do not appear to have increased dramatically since the transfer of EMS responsibility from the DPH to the Fire Department. Moreover, the SFFD's own data show that calls for EMS service and total dispatches of EMS service have been relatively level over the last 13 months since January, 1998.

However, Fire Department practices and dispatch policies have resulted in a higher number of total dispatches of EMS ambulances. Reportedly, under Fire Department management of EMS, all calls for service are responded to more quickly, there are much fewer related lawsuits against the City and citizen complaints have decreased significantly.

In order to examine trends in EMS activity and workload since the transfer from DPH to SFFD, the Budget Analyst requested comparative data from the Department of Public Health's Emergency Medical Services Bureau (EMSA), the Agency responsible for oversight and regulation of the SFFD EMS Division.

In response, we received data for calendar years 1996 and 1998 from EMSA for total calls for EMS service and total transports of patients to medical facilities by EMS. We also requested data for 1998 from the SFFD EMS Division. These data are presented in the table below. We found that, based on these data sources,

there has been only a one half of one percent increase in calls for service for the two calendar years, and that patient transport activity has increased by 11.6%.

Data submitted by SFFD EMS show that for Code 3 calls (calls involving either life threatening situations or medical conditions that require an immediate response), the ambulance response time for 90 percent of the calls has declined from 15.85 minutes in January, 1998 to 11.93 minutes in December, 1998, an improvement of 24.7 percent.

For Code 2 calls, which involve do not require an immediate ambulance response, the ambulance response time for 90 percent of the calls has declined from 39.68 minutes in January, 1998 to 24.23 minutes in December, 1998, an improvement of 38.9 percent.

We have been cautioned by both Dr. John Brown of the DPH-EMSA and Dr. Marshall Isaacs, Medical Director of the SFFD EMS Division that the 1996 data provided by the DPH is of suspect reliability and that, according to Dr. Brown and Dr. Isaacs, there has been significant increases in EMS service demand over the last two years.

Comparative Call for EMS Service and Transport Activity 1996 vs. 1998

	Total Calls for Service		Transports to Medical Facilities	
	SFFD - 1998	DPH - 1996	SFFD - 1998	DPH 1996
January	6,117	6,028	4,206	3,665
February	5,072	5,484	3,541	3,301
March	5,695	5,932	3,996	3,621
April	5,459	5,764	3,719	3,505
May	5,720	5,726	3,984	3,524
June	5,562	5,820	3,868	3,448
July	5,698	5,749	3,795	3,501
August	5,512	5,956	3,816	3,610
September	5,569	5,105	3,887	3,409
October	6,055	5,400	4,139	3,616
November	5,691	5,880	3,936	3,644
December	6,383	5,307	4,453	3,569
	68,533	68,151	47,340	42,413

Source: 1998 Data – SFFD EMS Division;
1996 Data – DPH Bureau of Emergency Medical Services

In contrast to the 68,151 calls shown for 1996 in the table above, Dr. Brown has provided documentation that the EMSA report issued in February, 1996 used 1994 and 1995 data that enumerated 62,368 and 64,287 calls respectively.

The SFFD EMS data for total dispatches, total EMS calls for service and average daily ambulance activity is presented in the table below.

SFFD EMS Ambulance Dispatch and EMS Call Data
January 1998 through January 1999

	Total Dispatches	Total EMS Calls	Total Dispatches Per Day	Total EMS Calls Per Day	Number of Ambulances	Total Dispatches Per Ambulance	EMS Calls Per Ambulance
January	6,974	6,117	225.0	197.3	16	14.1	12.3
February	7,787	5,072	278.1	181.1	16	17.4	11.3
March	6,538	5,695	210.9	183.7	16	13.2	11.5
April	6,204	5,459	206.8	182.0	16	12.9	11.4
May	6,818	5,720	219.9	184.5	16	13.7	11.5
June	6,567	5,562	218.9	185.4	16	13.7	11.6
July	6,788	5,698	219.0	183.8	17	12.9	10.8
August	6,521	5,512	210.4	177.8	17	12.4	10.5
September	6,382	5,569	212.7	185.6	17	12.5	10.9
October	7,113	6,055	229.5	195.3	17	13.5	11.5
November	6,381	5,691	212.7	189.7	17	12.5	11.2
December	7,143	6,383	230.4	205.9	20	11.5	10.3
Total - 1998	81,216	68,533	222.9	187.7		13.4	11.2
January, 1999	7,061	6,223	227.7	200.7	21	10.6	9.6

Source: SFFD Emergency Medical Services

Total ambulance dispatches shown in the table above consistently exceeds total EMS calls for service by an average of 18.5 percent. This is because the SFFD routinely dispatches ambulances to non-EMS calls, such as fires, on a standby basis. When EMS was under the Department of Public Health, the SFFD called for an ambulance for a fire only if one was needed and the call was counted as a call for service by DPH EMS. This practice has therefore significantly increased the number of ambulance dispatches on a daily basis. Other reasons for this relationship include duplicate ambulance dispatches (where more than one ambulance is sent on the same call for EMS

service) and responses to multiple injury accidents. Chief Shortall points out that improved dispatching has resulted in a declining incidence of duplicate ambulance dispatches.

Based on the table shown above, total dispatch and total calls for EMS service per day has displayed little in the way of increase between January, 1998 and January, 1999. The SFFD states that their FY 1998-99 budget was based on total dispatch activity of approximately 160 calls per day. However, the SFFD EMS data displays that they had been operating at much higher levels since at least January, 1998.

According to EMS Chief Shortall and EMS Medical Director Isaacs, the SFFD's Criteria Based Dispatching (CBD) policies and practices result in a higher number of actual ambulance dispatches and vastly improved response times to lower priority calls for service. Previously, the DPH would often "hold" low priority, non-life threatening calls for long periods of time. Consequently, callers would often find alternative medical assistance and an ambulance dispatch would not be required. CBD policies and practices therefore clearly result in a higher level of service to all callers for EMS services and result in a greater number of ambulance dispatches in relation to the number of EMS calls for service.

According to Dr. Isaacs, the CBD policies and practices have not only improved service, but also improved the quality of medical treatment and greatly reduced the likelihood of an inappropriate medical response to calls that may seem to be of a low priority. Medical lawsuits and claims against the City have therefore decreased according to Dr. Isaacs. Dr. Isaacs states that during the 18 month period from January, 1996 through June, 1997, when EMS was under the DPH, 17 such claims were filed against the City. For the 21 months since July, 1997 (since EMS was placed under the SFFD) 10 EMS related claims have been filed. Dr. Isaacs reports that after EMS review, he has recommended that seven of those claims have no merit and should be denied by the City, two are extremely minor and one is currently under litigation. Also, according to Dr. Isaacs, EMS quality control and risk management is highly developed and a detailed medical quality assurance plan has been approved by the EMS Medical Director, the Director of Health and the Chief Executive Officer of the Community Health Network, representing San Francisco General Hospital.

Paramedic morale has improved with the staffing of four additional ambulances on a daily basis and consequent reduction in Paramedic workload.

The decreased workload resulting from the staffing of additional ambulances has improved Paramedic morale, according to EMS Chief Shortall and Dr. Isaacs. Ms. Ward of SFFD states that, for the first six months of FY 1998-99, Paramedic absenteeism due to sick leave and temporary disability was at a high level. Consequently, the EMS Division incurred overtime expenditures of $525,000 for just the first six months of the Fiscal Year, when the EMS overtime budget for the entire Fiscal Year $297,339. The SFFD anticipates that Paramedic absenteeism and overtime expenditures will decrease due to the improvements to the average workload.

EMS Chief Shortall states that a return to the reduced number of daily ambulances in order to reduce EMS spending would result in a reduced level of EMS service and the negative effects of an increased Paramedic workload.

BUDGET ANALYST RECOMMENDED AMENDMENTS AND REDUCTIONS TO THE PROPOSED SUPPLEMENTAL APPROPRIATION ORDINANCE:

1. Because this proposed supplemental appropriation is intended to fund increased EMS staffing and ambulance availability, and because the SFFD has already implemented such increased staffing (beginning in January, 1999) and hired additional recruit Firefighters, effective March 1, 1999, the proposed ordinances should be amended for retroactivity.

2. The Budget Analyst has calculated the permanent salary and fringe benefit requirement as shown below:

24 H2 Firefighter Recruits Hired March 1:	
$1,544 biweekly for 11.1 pay periods	$411,322
12 H2 Firefighter Recruits beginning May 25:	
$1,544 biweekly for 2.1 pay periods	38.909
Subtotal – Salaries	$450,231
Fringe Benefits	99.050
Total	$549,281

Therefore, the requested amount of $627,020 for permanent salaries – uniform and fringe benefits should be reduced by $77,739 by amending the proposed supplemental appropriation as follows:

	From	To	Savings
Permanent Salaries – Uniform	$513,951	$450,231	$63,720
Fringe Benefits	113,069	99,050	14,019
Total	$627,020	$549,281	$77,739

3. As noted above, the Controller's latest SFFD General Fund deficit projection is $2,317,411. However, as also noted, the SFFD reports that $1,251,406 of this amount is attributable to the services provided to the SFIA, and that the SFIA has agreed to reimburse the SFFD for this amount. Therefore, the current revised projected SFFD General Fund deficit is $1,066,005 ($2,317,411 less $1,251,406).

The Controller's latest projection includes all pay periods through February 19, 1999. Therefore, the increased spending due to advanced EMT training provided to Firefighters and approximately six weeks of increased overtime spending due to the addition of four ambulances (which began in December, 1998 and was fully implemented in January, 1999) is reflected in the Controller's projection.

Therefore, the SFFD request for increased overtime expenditures can be reduced to reflect the current revised deficit projection. The supplemental appropriation request for overtime can therefore be reduced by $354,501 (from the requested amount of $1,420,506 to $1,066,005).

4. The proposed supplemental appropriation requests $45,000 for refurbishment of Station 20 to conduct E-9-1-1 training. However, as shown in Attachment 2, the amount required, based on estimates provided by the Department of Public Works, the required amount for this work is $35,145. Therefore, the request for Other Current Expenses can be reduced by $9,855 (from $45,000 to $35,145).

5. The recommended reductions detailed above will result in an overall reduction to the proposed supplemental appropriation of $442,095 (from $2,127,526 to $1,685,431).

SUMMARY:

- The purpose of the proposed $2,127,526 supplemental appropriation is primarily to provide funding for staff to increase the number of ambulances used to deliver Emergency Medical Services from 17 ambulances to an average of 21 ambulances per day. A total of 18 new Firefighter positions would be added. The SFFD commenced training personnel for this increase in November, 1998 and implemented the increased deployment of ambulances in January, 1999, with the approval of the Mayor's Director of Finance, without first obtaining Board of Supervisors approval. Therefore, even if this level of service is totally reversed for the remainder of the current 1998-99 Fiscal Year, some portion of the projected Fire Department budget deficit is unavoidable.

- The ongoing, annualized cost of this proposed supplemental appropriation will exceed $2.59 million.

- The Controller's projected SFFD General Fund deficit for FY 1998-99 is currently $2,317,411. However the Airport will reimburse the SFFD $1,251,406 of this amount, thereby reducing the projected deficit to $1,066,005.

- Implementation of the plan to transfer EMS responsibility from the Department of Public Health to the Fire Department in Fiscal Year 1996-97 has clearly resulted in increased spending for EMS service as was previously projected by the Budget Analyst. In 1997, the Budget Analyst projected that the transfer of EMS responsibility of at least $1.0 million annually.

- The number of Paramedics available to provide EMS service has been reduced by 12.5 positions in the transfer from DPH to SFFD and the number of Paramedic Supervisors has been increased significantly, from 13 Paramedic Supervisors to 28. The SFFD maintains that there has been an overall increase in the number of personnel providing EMS service in the field at all times.

- Compared to the cost of EMS services under the DPH, the cost for Paramedic and EMS related salaries have increased by $916,867, plus approximately $156,000 in related increased fringe benefit costs, for a total increased cost of $1,072,867. The reasons for this increased costs are higher salary levels for all positions, a 115 percent increase in the

number of supervisory personnel, as noted above, and higher paid top management positions.

- Based on comparisons with historical data that is described as unreliable by SFFD-EMS management and the DPH Bureau of Emergency Medical Services, calls for service, and related transports do not appear to have increased dramatically since the transfer of EMS responsibility from the DPH to the Fire Department. DPH-EMSA data show total 1996 calls for service of 68,151 while SFFD data show total 1998 calls for service of 68,533. The SFFD maintains that the historical DPH data is inflated. Moreover, the SFFD's own data show that calls for EMS service and total dispatches of EMS service have been relatively level over the last 13 months since January, 1998. In January, 1998, the SFFD dispatched ambulances 6,974 times and received 6,117 calls for EMS service. In January, 1999, the SFFD dispatched ambulances 7,061 times and received 6,223 calls for EMS service.

- However, Fire Department practices and dispatch policies have resulted in a higher number of total dispatches of EMS ambulances in relation to total EMS calls for service. For example, the SFFD routinely dispatches ambulances to fire scenes on a standby basis. This was not the practice when EMS was under the DPH.

- Reportedly, under Fire Department management of EMS, all calls for service are responded to more quickly, there are much fewer related lawsuits against the City and citizen complaints have decreased significantly.

- Paramedic morale has improved with the staffing of four additional ambulances on a daily basis and consequent reduction in Paramedic workload.

- The Budget Analyst recommends total reductions to the supplemental appropriation request for uniform salaries, fringe benefits, uniform overtime pay and other current expenditures in the amount of $442,095.

Recommendations: 1. Amend the proposed Supplemental Appropriation Ordinance and Amendment to the Annual Salary Ordinance to provide for retroactivity.

2. Reduce the requested expenditures in File 99-0212 from a total by $442,095 from $2,127,526 to $1,685,431 by amending the proposed supplemental appropriation ordinances as follows:

	From	To	Budget Analyst Recommended Savings
Permanent Salaries – Uniform	$513,951	$450,231	$63,720
Fringe Benefits	113,069	99,050	14,019
Overtime	1,420,506	1,066,005	354,501
Other Current Expenses	45,000	35,145	9,855
Total	$2,127,526	$1,685,431	$442,095

Ms. Debra Ward, Chief Financial Officer of the SFFD, agrees with the recommended reductions of the Budget Analyst.

3. Approval of the proposed ordinances, as amended, is a policy matter for the Board of Supervisors.

EMS BLS Overtime Costs for FY 1998-99

1 Bi-weekly Rate	2 Bi-weekly OT Rate	3 MOU Premium	4 Total Bi-weekly	5 Number of Ambulances	6 Number of Staff	7 Cost of Staff	8 Staff Cost Adjusted*
$ 2,164	$ 3,246	$ 260	$ 3,506	4 daily (avg.:)	35.6	$ 1,628,669	$ 1,121,338

1) Bi-weekly rate based on top step firefighter salary as adopted in the FY 1998-99 ASO
2) Bi-weekly rate at 1.5 to calculate overtime expenditure (no benefits are included as this is OT with existing staff
3) Current MOU mandates that an 8% premium be paid to all firefighters who staff BLS/Advanced EMT rigs.
4) Combined Bi-weekly rate for Advanced EMTs including required Premium
5) Number of ambulances that are required to increase current daily units available from 17 to 21 on average.
6) Number of staff required to provide coverage 24 hours per day, 7 days per week with a relief factor of 1.45
7) Full cost of OT with all 36 Advanced EMTs to serve all tours on OT
8) Adjusted cost of OT based on the fluctuation of the number of BLS rigs required and shifts served on a non-OT basis (approximately 68% of shifts would be serve on OT).

Source: San Francisco Fire Department

Budget for Renovation of Station 20

Item	Amount
Construction of flooring	
2 DPW carpenters @24 hours each	
Base Salary $36.10/hour	$ 1,733
Fringe Benefits	678
Construction Materials	2,350
Carpeting 120yds @ $28/yd	3,360
Subtotal	$ 8,121
Electrical and HVAC	
Wiring for computer terminals and lighting	
2 Electricians @ 16 hours each	
Base Salary $45.13/hour	$ 1,444
Fringe Benefits	611
Wiring materials	2,450
HVAC ductwork and heater units	18,000
Subtotal	$ 22,505
Tax on materials	$ 694
Subcontractor OH&P (15% of M&L)	676
General Contractor OH&P (15% of M & L)	1,291
5% of Sub Contractor's Cost (GC's 5 %)	1,169
Bond	689
Subtotal	$ 4,519
Total	**$ 35,145**

Information provided by Department of Public Works Bureau of Construction Management

Budget for Furniture for the four Computer Training Classrooms

Computer Desks	14 @ $720 / desk	$ 10,080
Computer Lab style Tables	6 @ $1,120/table	6,720
Ergonomic Task Chairs	44 @ $265/chiar	11,660
Brackets for CPU	44 @ $112/Bracket	4,928
Subtotal		$ 33,388
Tax @ 8.5%		$ 2,838
Total		**$ 36,226**

Estimates are based on the research done by the SFFD 9-1-1 Coordinator

Source: San Francisco Fire Department

Item 7 – 99-0530

Department: Parking Authority
Mayor's Office of Public Finance

Item: Resolution (a) approving the issuance of Parking Meter Revenue Refunding Bonds by the Parking Authority, to partially refinance bonds issued in 1994, which funded the construction, acquisition and equipment for four City-owned off-street parking facilities in the City, (b) approving the form of and authorizing the execution and delivery of a continuing disclosure certificate relating to said bonds, (c) approving the form of and circulation of an official statement relating to said bonds, (d) authorizing the payment of certain costs of issuance from the proceeds of such bonds, (e) ratifying previous actions taken in connection with the foregoing matters, and (f) authorizing the taking of appropriate actions in connection therewith.

Amount: Not to exceed $23,500,000

Description: In 1994, the Parking Authority issued $25,000,000 in Parking Meter Revenue Bonds to finance the construction, acquisition and equipment for four City-owned off-street parking facilities in the City. The Attachment, provided by the Mayor's Office of Public Finance, identifies the four City-owned off-street parking facilities and their locations. According to Ms. Sarah Hollenbeck of the Mayor's Office of Public Finance, the remaining principal amount of debt from this $25,000,000 bond issuance will be $23,635,000 as of May 1, 1999. Ms. Hollenbeck advises that $4,255,000 of the $23,635,000 in outstanding debt cannot be refinanced. The amount that will be refinanced therefore will be $19,380,000 (outstanding debt of $23,635,000 less $4,255,000).

Approval of this resolution would authorize the Parking Authority to issue tax exempt Parking Meter Revenue Refunding Bonds, Series 1999-1, in an amount not to exceed $23,500,000, in order to refinance $19,380,000 of the remaining principal amount of debt of $23,635,000 on the 1994 Parking Meter Revenue Bonds.

Ms. Hollenbeck states that the existing bonds have an aggregate interest rate of 6.9 percent and were issued with a 25-year term, with a final payment date of June 1, 2020. Ms. Hollenbeck states that if the proposed Refunding Bonds were issued at this time, such bonds would have an aggregate interest rate of approximately 5.5 percent and would have a 21-year term, with a final payment date of June 1, 2020. According to the proposed resolution, the maximum interest rate of any one maturity of the proposed Refunding Bonds is 12 percent.

Ms. Hollenbeck estimates that this proposed refinancing of the 1994 Parking Meter Revenue Bonds would result in a total net present value savings in aggregate debt service of $663,000, over the 21-year term of the proposed Refunding Bonds. This estimate is based on an assumed Refunding Bonds par amount of $21,635,000 at an interest rate of 5.5 percent for a term of 21 years.

Comments:

1. According to Ms. Hollenbeck, the proceeds from the sale of the subject Refunding Bonds will be placed in an Escrow Fund, which will be held by a third party trustee (the "Trustee") who has not yet been identified, until the bond call date of June 1, 2005 for the 1994 Parking Meter Revenue Bonds, at which time, the Trustee will redeem such bonds with the monies held in the Escrow Fund.

Ms. Hollenbeck states that the Mayor's Office of Public Finance received bids from bond insurers to obtain a Surety Policy for the proposed Refunding Bonds. A Surety Policy is similar to an insurance policy and is purchased in order to avoid the necessity of funding a Debt Service Reserve Fund out of the Refunding Bond proceeds. According to Ms. Hollenbeck, the Mayor's Office of Public Finance plans to purchase a Surety Policy, through an Invitation to Bid process, from the low bidder at a cost of approximately 2.4 percent of the amount of the Debt Service Reserve Fund requirement[1], or $51,000,

[1] Under the terms of the proposed refunding bond issuance, the Parking Authority is required to fund a Debt Service Reserve Fund in the amount equal to the lesser of 10 percent of the par amount of the proposed Refunding Bonds, 100 percent maximum annual debt service or 125 percent average annual debt service on the proposed Refunding Bonds. In this case, the amount of the Debt Service Reserve Fund is an amount equal to 100 percent maximum annual debt service on the proposed Refunding Bonds or approximately $2,099,038.

which would be funded from the subject Refunding Bond proceeds.

2. Ms. Hollenbeck states that the exact amount of the bond issuance will not be known until the date of the competitive sale, as the interest rate will affect the aggregate principal amount needed to fund the Escrow Fund, the bond issuance costs, the bond insurance, and the Surety Policy. However, in no case will the bond issuance exceed $23,500,000.

3. According to Ms. Hollenbeck, the subject Refunding Bonds must be sold in advance of defeasing[2] the 1994 Parking Meter Revenue Bonds. Ms. Hollenbeck anticipates that the proceeds from the sale of the subject Refunding Bonds will be invested in State and Local Government securities which will mature on the dates that debt service on the 1994 Parking Meter Revenue Bonds is due and on June 1, 2005, the call date for such bonds.

4. In accordance with the subject resolution, the cost of issuance of the subject Refunding Bonds cannot exceed $300,000 and such costs would be paid from bond proceeds.

5. The proposed resolution also ratifies previous actions taken in connection with the subject Refunding Bonds, authorizes taking future actions in connection with the subject Refunding Bonds, and approves the form of a Continuing Disclosure Certificate and an Official Statement to be executed in connection with the subject Refunding Bonds.

6. As previously noted, approval of the subject Refunding Bonds is estimated to result in aggregate debt service savings with a net present value of $663,000.

Recommendation: Approve the proposed resolution.

[2] Defeasance is the term used to describe the termination of all rights and interests of the bondholders upon final payment of all debt service, in the manner required by the terms and conditions of the bond resolution.

Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

DESCRIPTION OF THE SERIES 1994 BONDS PROJECTS

The following are descriptions of each of the projects financed or to be financed from the proceeds of the Series 1994 Bonds. None of the projects or any revenues therefrom are pledged as security for the Series 1994 Bonds or Series 1999-1 Bonds.

The Hospital Parking Project Location: 2500 24th Street

The proceeds of the Series 1994 Bonds were used to provide for the design, acquisition and construction costs of an approximate 800-space public parking structure to serve the Hospital located in San Francisco, California. The parking structure is located directly south of the Hospital on the block bounded by 23rd and 24th Streets, Utah Street and San Bruno Avenue. The Hospital Parking Project structure was completed in October 1997, and cost approximately $21,000,000.

The Hospital Parking Project structure was designed so that an expansion from an approximate 800-space to an approximate 1,150-space parking structure could occur in the future. The Authority has no current plans to proceed with such an expansion. However, if such an expansion does occur, it may be financed from various potential funding sources, including the issuance of Additional Bonds, subject to the satisfaction of certain conditions as provided in the Trust Agreement. See "SECURITY FOR THE BONDS – Additional Bonds".

St. Mary's Square Garage Project Location: 433 Kearny Street

The Authority undertook a seismic upgrading and renovation of St. Mary's Square Garage, a City-owned and Authority managed public parking structure located in the City. Approximately $1,200,000 of the total project cost of $6,000,000 was financed from proceeds of the Series 1994 Bonds. The St. Mary's Square Garage seismic upgrade project is expected to be completed in December 1999.

Vallejo/Churchill Garage Project Location: 755 Vallejo Street

A portion of the proceeds of the sale of the Series 1994 Bonds, approximately $250,000, was used to finance certain demolition costs of an existing building on property purchased by the Authority for the purpose of building a public parking structure. The demolition of the Vallejo/Churchill Garage was completed in early 1998.

Settlement of Legal Claim

Proceeds from the Series 1994 Bonds, in the amount of approximately $235,000, were used to make a payment in settlement of a legal claim relating to the acquisition of certain property for the purpose of building a public parking structure in the City.

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City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Wednesday, April 07, 1999 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:05 a.m

REGULAR AGENDA

990299 [Taxes Due Dates]

Supervisor Kaufman

Ordinance amending Municipal Code, Part III. Article 12-B, by amending Section 1009 providing that taxes shall be due and payable on the first day of January each year, providing that taxes shall become delinquent if not paid on or before the last day of February of such year; requiring installment payments of taxes in excess of $2,500; and imposing a monthly penalty of 5 percent on delinquent taxes, up to 20 percent in the aggregate.

(Amends Section1009.)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman; Richard Sullivan, Tax Collector; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990300 [Taxes, Authority to Examine Records]

Supervisor Kaufman

Ordinance amending Municipal Code, Part III, Article 6 (Revenue and Finance/Business Regulations), by amending Section 6.4-1, permitting the Tax Collector to inspect, examine and copy the records of taxpayers.

(Amends Section 6.4-1.)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman; Richard Sullivan, Tax Collector; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990301 **[Stadium Tax]**

Supervisor Kaufman

Ordinance amending Municipal Code, Part III, Article 6 (Revenue and Finance/Business Regulations), by amending Section 6.4-2, providing that all amounts of stadium operator admission taxes are generally due and payable to the tax collector within five days after the taxable event, and requiring stadium operators to file returns within the time limits set forth in Section 304 of Article 11 of Part III of the San Francisco Municipal Code.

(Amends Section 6.4-2.)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman; Richard Sullivan, Tax Collector; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990302 **[Taxes, Facilitation of Refunds]**

Supervisor Kaufman

Ordinance amending Municipal Code, Part III, Article 6 (Revenue and Finance/Business Regulations), by amending Section 6.15-1, permitting the Tax Collector to waive the requirement that a taxpayer file a verified claim in writing stating the grounds upon which a claim for refund is founded where the Tax Collector determines that (1) an amount of tax, interest or penalty has been overpaid, or has been erroneously collected by San Francisco under Part III of the Municipal Code, and (2) all other conditions precedent to the payment of the refund have been satisfied.

(Amends Section 6.15-1.)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman. Richard Sullivan, Tax Collector; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990303 **[Taxes, Penalty for Failure to Pay Tax]**

Supervisor Kaufman

Ordinance amending Municipal Code, Part III, Article 6 (Revenue and Finance/Business Regulations), by amending Section 6.17-1, imposing a monthly penalty of five percent (5%) of the amount of a delinquent tax (up to a maximum of twenty percent (20%)) and imposing an additional penalty of twenty percent (20%) of the portion of any such tax that remains unpaid after the 90-day period commencing upon the date the taxpayer is notified of such delinquency.

(Amends Section 6.17-1.)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman; Richard Sullivan, Tax Collector; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990304 [Taxes, Negligence Penalties]
Supervisor Kaufman

Ordinance amending Municipal Code, Part III, Article 6 (Revenue and Finance/Business Regulations), by amending Section 6.17-3, imposing a penalty equal to the annual fee for obtaining a registration certificate set forth in Section 1007(A) of Article 12-B of Part III of the San Francisco Municipal Code upon any person who fails to properly register, or fails to comply with a rule or regulation of the Tax Collector; imposing a penalty in the amount of $100 on persons who otherwise would not have owed a tax for each occurrence of a failure to file a return required under Part III of the Municipal Code on or before the date prescribed for filing; and imposing a penalty of $500 for each a failure to allow a full inspection of records pursuant to a request of the Tax Collector.

(Amends Section 6.17-3.)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman; Richard Sullivan, Tax Collector; Supervisor Ammiano. Amended to delete the phrase "who otherwise would not have owed a tax" on page 1, line 9; new title.

AMENDED.

Ordinance amending Municipal Code, Part III, Article 6 (Revenue and Finance/Business Regulations), by amending Section 6 17-3, imposing a penalty equal to the annual fee for obtaining a registration certificate set forth in Section 1007(A) of Article 12-B of Part III of the San Francisco Municipal Code upon any person who fails to properly register, or fails to comply with a rule or regulation of the Tax Collector; imposing a penalty in the amount of $100 on persons for each occurence of a failure to file a return required under Part III of the Municipal Code on or before the date prescribed for filing; and imposing a penalty of $500 for each a failure to allow a full inspection of records pursuant to a request of the Tax Collector.

(Amends Section 6.17-3.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990305 [Taxes, Other Negligence Penalties]
Supervisor Kaufman

Ordinance amending Municipal Code, Part III, Article 6 (Revenue and Finance/Business Regulations), by amending Section 6.17-2, imposing a monthly penalty of five percent (5%) of the amount of a underreported tax (up to a maximum of twenty percent (20%)0, where such underreporting is due to negligence or intentional disregard of the rules and regulations.

(Amends Section 6.17-2.)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman; Richard Sullivan, Tax Collector; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990306 [Taxes, Definition of Builder/Developer]

Supervisor Kaufman

Ordinance amending Municipal Code, Part III, Article 12-B (Revenue and Finance/Business Regulations), by amending Section 1002.15(A)(3), providing that a person shall be deemed to be engaged in the business of developing and selling real property if such person constructs an apartment house or commercial building.

(Amends Section 1002.15(A)(3).)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman; Richard Sullivan, Tax Collector; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990307 [Taxes, Registration Certificate Delinquency Date]

Supervisor Kaufman

Ordinance amending Municipal Code, Part III, Article 12-B (Revenue and Finance/Business Regulations), by amending Section 1007(C), providing that the renewal fee for the annual registration certificate shall become delinquent if not paid on or before the end of October of each year.

(Amends Section 1007(C).)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman; Richard Sullivan, Tax Collector; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990408 [Taxes, Application of Partial Payments]

Supervisor Kaufman

Ordinance amending San Francisco Municipal Code, Part III, by amending Section 6.9-7 providing that partial payments shall be applied first to interest, penalties and costs for that year, and the balance, if any, shall be applied to taxes due for that year.

(Amends Section 6.9-7.)

3/1/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/31/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Barbara Kaufman; Richard Sullivan, Tax Collector; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990527 **[Lease and Sublease for Pier 1 (Embarcadero/Washington Street)]**

Resolution approving lease and sublease with AMB Property Corporation for the Development of Pier 1 (Embarcadero and Washington Streets) as a maritime office project; approving negative declaration, and indemnity agreement. (Port)

(Fiscal impact.)

3/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Continued to April 14, 1999.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990565 **[Budget Analyst Review, PUC Management Contracts]**

Supervisor Ammiano

Motion directing the Board of Supervisors Budget Analyst to review the proposed Public Utilities Commission's capital improvement program management contract.

3/22/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose, Budget Analyst. In Support: Leslie Abbott, Policy Analyst, Local 21; David Novogrodsky, Executive Director, Local 21

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990509 **[Property Sale, Alameda County Parcels 16, 16A (Bernal Property)]**

Supervisor Ammiano

Resolution declaring Parcels 16 and 16A of the Bernal Property to be surplus; authorizing the General Manager of the Public Utilities Commission to execute a purchase and sale agreement to transfer Parcels 16 and 16A to the Pleasanton Unified School District; and adopting findings pursuant to the California Environmental Quality Act.

3/15/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 4/14/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Rick Nelson, Project Manager, Public Utilities Commission; Supervisor Ammiano; Supervisor Yee; Supervisor Bierman; Peter McDonald, Pleasanton School District.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution declaring Parcels 16 and 16A of the Bernal Property to be surplus; authorizing the General Manager of the Public Utilities Commission to execute a purchase and sale agreement to transfer Parcels 16 and 16A to the Pleasanton Unified School District; and adopting findings pursuant to the California Environmental Quality Act; requesting Public Utilities Commission to report back to the Finance and Labor Committee with revenue projections within three months.

Continued to April 14, 1999.

CONTINUED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

981443 [Taxi Permit Fee Adjustments]

Supervisor Newsom

Ordinance amending Police Code Sections 2.26.1 and 2.27.1 to adjust permit and license fee schedules for motor vehicles for hire and to give a 50-percent discount for four years on permit fees for taxicabs and ramped taxicabs operating on compressed natural gas and amending Sections 1080, 1088 and 1125 to include fees authorized by those sections in permit and license fee schedules for motor vehicles for hire.

(Amends Sections 2.26.1, 2.27.1, 1080, 1088, and 1125.)

8/24/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 9/23/1998.

1/25/99, TRANSFERRED to Finance and Labor Committee.

3/10/99, CONTINUED TO CALL OF THE CHAIR.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Newsom; Captain John Ehrlich, Police Department; Supervisor Ammiano; Supervisor Yee; Supervisor Bierman. In Support: Bill Zeller; Jack Trass.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990504 [Proposed UCSF/Stanford Hospital Merger]

Supervisor Ammiano

Hearing to consider the effects of proposed merger of UCSF and Stanford Hospital and its impact on hospital staff, quality of medical services, and the community.

3/15/99, RECEIVED AND ASSIGNED to Public Health and Environment Committee.

3/18/99, TRANSFERRED to Finance and Labor Committee. President requests calendaring at Finance and Labor Committee meeting of April 7, 1999.

Heard in Committee. Speakers: Peter Van Etten, CEO, UCSF-Stanford Health Services, Supervisor Bierman; Supervisor Ammiano; Anthony Wagner; Executive Administrator of Community Health Network; Corey Menotti ; Warren Goal; Mike Dragovich, RN, Department of Liver Transplants; Karen MacLeod, RN, President University Professional and Technical Employees; Susan Cietuat, RN, Pediatric ICU; Fred Alvarez, McKinnon Avenue Club; Spike Kahn, Paul Hessinger Coalition of University Employees; Rey Docena, Local 715; Aura Huellgas, crisis secretary; Robert Valenzuela, Local 715; Harry Adams, Local 715; Mary Higgins; Thorild Urdall CA Nurses Association; David Padilla, Local 829; Donald Padilla; Bob Rouse; Jacqueline Gough; CA Nurses Association.

FILED.

ADJOURNMENT

The meeting adjourned at 12.50 p.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST
1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

April 2, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: April 7, 1999 Finance and Labor Committee Meeting

Items 1, 2, 3, 4, 5, 6. 7, 8, 9 and 10 - Files 99-0299, 99-0300, 99-0301, 99-0302, 99-0303, 99-0304, 99-0305, 99-0306, 99-0307, 99-0408

Department: Treasurer/Tax Collector

Items: 99-0299: Ordinance amending Section 1009, Article 12-B of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) providing that Business Payroll and Gross Receipts Taxes shall be due and payable to the City on the first day of January of each year; providing that taxes shall become delinquent if not paid on or before the last day of February of such year; requiring installment payments of taxes in excess of $2,500; and imposing a monthly penalty of five percent on delinquent prepayment of third-party operator taxes, up to 20 percent in the aggregate.

99-0300: Ordinance amending Section 6.4-1, Article 6 of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) permitting the Tax Collector to inspect, examine and copy the records of business taxpayers.

99-0301: Ordinance amending Section 6.7-2, Article 6 of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) providing that all amounts of Stadium Operator Admission Taxes be subject to the provisions of Section 804, Article 11, Part II of the Municipal Code and requiring those entities paying Stadium Operators Admission Taxes, such as the Giants and 49ers, to file returns within the time limits set forth in Section 804 of Article 11 of Part III of the San Francisco Municipal Code.

99-0302: Ordinance amending Section 6.15-1, Article 6 of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) permitting the Tax Collector to waive the requirement that a business taxpayer must file a verified written claim with the Tax Collector, stating the grounds upon which a claim for refund is founded, in those instances where the Tax Collector determines that (1) an amount of tax, interest or penalty has been overpaid, or has been erroneously collected by San Francisco under Part III of the Municipal Code, and (2) all other conditions precedent to the payment of the refund have been satisfied.

99-0303: Ordinance amending Section 6.17-1, Article 6 of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) imposing a monthly penalty of five percent of the amount of a delinquent tax (up to a maximum of 20 percent), and imposing an additional penalty of 20 percent of the portion of any such tax that remains unpaid after the 90-day period commencing upon the date the business taxpayer is notified of such delinquency.

99-0304: Ordinance amending Section 6.17-3, Article 6 of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) imposing a penalty equal to the annual fee for obtaining a Business Tax Registration Certificate set forth in Section 1007(A) of Article 12-B of Part

III of the San Francisco Municipal Code upon any person who fails to properly register, or fails to comply with a rule or regulation of the Tax Collector; imposing a penalty in the amount of $100 on persons who otherwise would not have owed a tax for each occurrence of a failure to file a return required under Part III of the Municipal Code on or before the date prescribed for filing; and imposing a penalty of $500 for each failure of a business taxpayer to allow a full inspection of the business records pursuant to a request of the Tax Collector.

99-0305: Ordinance amending Section 6.17-2, Article 6 of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) imposing a monthly penalty of five percent of the amount of an underreported business tax (up to a maximum of 20 percent) where such underreporting is due to negligence or intentional disregard of the rules and regulations.

99-0306: Ordinance amending Section 1002.15(A)(3), Article 12-B of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) providing that a person shall be deemed to be engaged in the business of developing and selling real property if such person constructs an apartment house or commercial building.

99-0307: Ordinance amending Section 1007(C), Article 12-B of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) providing that the renewal fee for the annual Business Tax Registration Certificate shall become delinquent if not paid on or before the end of October of each year.

99-0408: Ordinance amending Section 6.9-7, Article 6 of Part III of the San Francisco Municipal Code (Revenue and Finance Business Regulations) providing that partial payments due to the City for delinquent Business Taxes shall be applied first to interest, penalties and costs for that year, and the

balance, if any, shall be applied to the Business Taxes due for that year.

Description:

The ten proposed ordinances would amend various sections of the City's Municipal Code, referred to as the Revenue and Finance Business Regulations, to address the City's Business Taxes, which include Gross Receipts Taxes, Payroll Taxes, and the third-party taxes, such as Parking Taxes, Hotel Taxes, Utility User Taxes and Stadium Operator Admission Taxes.

In December of 1997, the Board of Supervisors approved major changes to the City's Business Tax regulations to enhance the effectiveness of the Tax Collector's Office in collecting tax revenues that are due to the City. According to Mr. Patrick Sha of the Tax Collector's Office, some of the proposed subject ordinances will clean-up this previously adopted legislation in order to clarify language, without resulting in actual changes in practice. In addition, Mr. Sha reports that the proposed ordinances focus on the penalties that are assessed by the Tax Collector's Office in an attempt to make the penalties more reasonable and equitable and to encourage business taxpayers to more quickly pay their delinquent taxes.

File 99-0299: The proposed ordinance would change the due date of the City's Business Payroll and Gross Receipts Taxes to the first day of January of each year, with such Taxes becoming delinquent if they are not paid on or before the last day of February of each year. Under the current provisions, the City's Business Payroll and Gross Receipts Taxes are due and payable by the last day of February of each year, with no specific provision regarding when such Business Taxes become delinquent. According to Mr. Sha, this language simply clarifies the existing practice, and will not result in any change for the Tax Collector s Office.

The proposed ordinance would also change the threshold when a business must pay Payroll and

Gross Receipts Taxes to the City, to be consistent with previous amendments that have been approved. Under existing practices, businesses are only liable for making payments to the City if they owe a minimum of $2,500 in business taxes instead of a minimum of $1,000. Mr. Sha reports that this provision was not changed in the previous legislation. Therefore, this provision would comply with existing practice and would result in no fiscal impact to the City.

In addition, all tax prepayments, which are paid by third-party operators (e.g. Parking Taxes, Hotel Taxes, Utility Taxes) for the previous month or quarter, are currently subject to a ten percent penalty of the amount of the delinquent tax amount, if not paid by the due date. Under the proposed ordinance, such Business Tax prepayments would be subject to a five percent penalty, instead of the current 10 percent penalty, as well as the amount of the delinquent tax payment, if the payment is delinquent not more than one month. Under the proposed ordinance, an additional five percent penalty would be added for each month or fraction of a month that the Business Tax payment is not made to the Tax Collector's Office, up to an aggregate total delinquency penalty of 20 percent. Mr. Sha reports that the proposed change in the penalty structure, to increase the amount of the penalty by five percent each month up to a total of 20 percent, versus the flat ten percent current penalty is intended to provide an incentive for delinquent Business Taxpayers to pay sooner. If this occurs, Mr. Sha reports that the additional revenue will assist the City's cash flow and increase interest earnings. However, Mr. Sha comments that overall, he does not anticipate any net additional penalty revenues from the proposed ordinance.

<u>File 99-0300:</u> The proposed ordinance would allow the Tax Collector the right to inspect, examine and copy records of the taxpayer's business records, would subject the business taxpayer to penalties if

the business taxpayer refuses such records inspection, examination or copying, and may require the taxpayer to reimburse the Tax Collector for reasonable expenses incurred in the inspection, examination and copying of the books, papers and records of the taxpayer's business. Currently, the Tax Collector only has the right to inspect records of the taxpayer's business, subject the taxpayer to penalties if the taxpayer refuses such inspection and require taxpayer reimbursement for inspection costs only, but not reimbursement for the City's examination and copying costs.

According to Mr. Sha, some business taxpayers have not been willing to cooperate with the Tax Collector's Office and the proposed new language in the ordinance should provide the Tax Collector with greater ability to thoroughly review, examine and copy necessary business taxpayer records, that are needed to audit or review City businesses. Mr. Sha reports that although the Tax Collector may receive some reimbursement for copying expenses, such reimbursement is not anticipated to be significant, and cannot be estimated at this time.

File 99-0301: The proposed ordinance would require that all Stadium Operator Admission Taxes be due and payable to the Tax Collector within five days after the event, subject to the provisions of Section 804 of Article 11 of Part III of the Municipal Code, which details three different methods of collecting the Stadium Operator Admission Taxes. In addition, the proposed ordinance would require every third-party operator, except the stadium operator, to file a tax return for the preceding period by the last day of the month. The third-party stadium operators, such as the Giants and the 49ers, would be required to file a tax return with the Tax Collector's Office within the time frames established in Section 804, Article 11 of Part III of the Municipal Code, which specifies when tax returns must be filed for stadium operators.

Although these Stadium Operator provisions primarily apply to the Giants and the 49ers, Mr. Jack Yee of the Tax Collector's Office reports that on occasion, another operator has conducted an event, such as a concert, at 3COM Park, and is subject to the Stadium Operator Admission Taxes. According to Mr. Yee, the proposed changes to the ordinance are intended to separate the Stadium Operator Admission Taxes from the other third-party operator taxes, such as hotel, parking and utility user taxes, and that such changes will not result in any actual changes in practice for the Stadium Operators or the Tax Collector's Office. As a result, Mr. Yee reports that there would be no fiscal impact from the proposed ordinance.

File 99-0302: Currently, if a Business Tax, interest or penalty has been overpaid or erroneously collected by the Tax Collector's Office, the amount may be refunded to the taxpayer only if a verified claim is submitted by the taxpayer in writing, stating, under penalty of perjury, the specific grounds for which the claim was founded. The proposed ordinance would permit the Tax Collector, in his or her discretion, and upon good cause, to waive this requirement if the Tax Collector determines on the basis of other evidence presented that an amount of tax, interest or penalty has been overpaid and all other conditions precedent to the payment of a refund to the taxpayer have been satisfied.

According to Mr. Richard Sullivan, the Tax Collector, the Tax Collector's Office receives numerous small claims from taxpayers for refunds due to overpayment, double payments, etc. Mr. Sullivan reports that the current system which requires the taxpayers' verification of such overpayments or refunds, in writing, is often cumbersome and unnecessary for both the taxpayer and the Tax Collector's Office. According to Mr. Sullivan, the Tax Collector's current computer system will generally identify such overpayments, or double payments during the reconciliation

process. Therefore, the proposed ordinance will permit the Tax Collector, to use his or her discretion, in evaluating other evidence for allowing a refund to a taxpayer. Mr. Sullivan does not anticipate that the proposed legislation will result in any fiscal impact, although Mr. Sullivan notes that the proposed amendment should improve customer relations.

File 99-0303: The proposed ordinance would require any business taxpayer who is delinquent in paying any Business Taxes owed to the City to pay a five percent penalty on the delinquent tax owed, in addition to the amount of taxes owed, during the first delinquent month. Each month or fraction of a month thereafter, the delinquency penalty would increase by an additional five percent, up to a total aggregate delinquency penalty of 20 percent. Under the current provisions, any taxpayer who has not paid the taxes owed within ten days that the taxes are due is subject to a 20 percent penalty of the delinquent tax owed, in addition to the amount of taxes owed. Both the current and proposed provisions are in addition to interest that accrues on the delinquent tax amount, at the rate of one percent per month.

Mr. Sha reports that in changing the penalty for delinquent taxes to a progressively increased amount, starting at five percent the first month, up to a total of 20 percent, it will encourage business taxpayers to pay their delinquent accounts on a more timely basis. Mr. Sullivan notes that the penalty increases to 40 percent of the delinquent tax owed for business taxpayers accounts after 90 days of nonpayment of taxes after notification by the Tax Collector's Office, and that this provision will not change under the new ordinance. Mr. Sha cannot specifically estimate the fiscal impact of the proposed legislation, but anticipates that any reduction in penalty revenue will be offset with increased interest earnings from those taxpayers who more quickly pay their delinquent tax bills.

File 99-0304: The proposed ordinance would impose a penalty equal to the penalized taxpayer's annual Business Tax Registration Certificate fee for those business taxpayers who fail to register, fail to timely update their registration or provide misstatements on their registration form. The annual Business Tax Registration Certificate fee is currently $25 to $500, depending on the amount of taxes due to the City. The existing provisions impose a penalty of $20 a day, with a minimum of $100 and a maximum of $500 for such violations. Mr. Sha does not anticipate any significant change in penalty revenues collected by the Tax Collector's Office, as a result of the proposed ordinance.

In addition, the proposed ordinance would impose a penalty of $100 for any business taxpayer's failure to file a Business Tax return by the due date. This $100 penalty is in addition to the proposed delinquent penalties that would be assessed under File 99-0303, discussed above. The Budget Analyst notes that the title of the proposed ordinance states that a penalty of $100 would be imposed on persons who otherwise would not have owed a tax, although the Tax Collector's Office indicates that the proposed $100 penalty would be imposed for any business taxpayer's failure to file the Business Tax return by the due date. Therefore, the Budget Analyst recommends that the title of the proposed ordinance be amended on Line 9 to delete the reference to "who otherwise would not have owed a tax". Currently, a taxpayer who fails to file a return, but who would have owed no tax, pays a penalty of $20 a day up to a maximum of $500. Mr. Sha estimates that this provision may result in minor increases in revenue, although he cannot estimate the amount of such increase.

The proposed ordinance would also add a new provision to require that any person who fails to allow a full inspection of the records of his or her business within the time prescribed by the Tax Collector shall pay a penalty of $500 for each failure. Mr. Sha estimates that this provision will

result in some minor additional revenue for the Tax Collector's Office, but as of the writing of this report, he could not estimate the amount of such additional revenue.

File 99-0305: The proposed ordinance would impose a penalty of five percent of the amount of the underreported tax, in addition to the tax owed, for the first month, if the Tax Collector determines that information on the Business Tax return was underreported due to negligence or intentional disregard of the City's rules and regulations. Mr. Sha reports that such underreporting would be determined through an audit or from an amended Business Tax return. For each additional month, an additional five percent penalty would be imposed, up to a total aggregate penalty of 20 percent. The current ordinance provides a flat 20 percent penalty to be imposed by the Tax Collector. It should also be noted that the current and proposed ordinance provides that when the Tax Collector determines that taxes are underreported due to fraud, the Tax Collector may impose a 50 percent penalty of the amount owed on the taxpayer.

Again, Mr. Sha reports that the proposed change is intended to encourage taxpayers to pay their delinquent taxes on a more timely basis, and as a result, Mr. Sha anticipates that the increased revenues from interest earnings will offset any shortfall in delinquent penalty collections, although no precise estimate is currently available.

File 99-0306: The proposed ordinance would add the provision that a person would be deemed to be engaged in the business of developing and selling real property if such persons sell any real property which said person constructed, or caused to be constructed; provided such sale occurs either prior to or within three years after the date upon which (i) a Certificate of Occupancy or its equivalent is issued or (ii) tenants who occupy such property pay rent to the property owner after completion of the

construction. The current provisions require that the sale of the property is either prior to or within three years after the date upon which 25 percent or more of the square footage of the building is first occupied by tenants after the construction.

Mr. Sha reports that the proposed ordinance would have no fiscal impact on the City and that the intent of the proposed change is to clarify the definition of those persons engaged in the business of developing and selling real property.

File 99-0307: The proposed ordinance would add the provision that the renewal of the annual Business Tax Registration Certificate would become delinquent if not paid on or before the last day of October of each year. The current ordinance does not contain language regarding the delinquency date for the Registration Certificate renewals.

According to Mr. Sha, the proposed ordinance would clarify the delinquency date for Registration Certificate renewals and would not change existing practice. As a result, the proposed ordinance would have no fiscal impact on the City.

File 99-0408: The proposed ordinance would establish the order for payment of partial payments due to the City for Business Taxes to be applied first to interest, then to penalties and then to costs. Currently, the ordinance requires partial payments first to penalties and then to interest, and then to costs.

Mr. Sha reports that the proposed change would bring the Tax Collector's Office in compliance with the State's Revenue and Taxation Code and will not have any fiscal impact on the City.

Comments:

1. Overall, Mr. Sha reports that the fiscal impact of the proposed ordinances will be negligible. Although there is likely to be some reduction in actual penalty revenues collected, Mr. Sha notes

that the progressive increase in the amount of the penalties is meant to encourage taxpayers to pay their delinquent tax bills in a more timely manner. If this occurs, Mr. Sha reports that any shortfall in delinquent revenue collection would be offset by increased interest earnings by collecting such delinquent payments sooner. However, Mr. Sha was not able to provide any documentation of this, at this time.

2. Mr. Sullivan reports that the Tax Collector, in accordance with Section 600 of the City's Administrative Code, under the Common Administrative Provisions, has the authority to waive all of the existing and proposed penalties, including interest, for good cause. Mr. Sha reports that waivers of penalties are often granted for unintentional missed payments or other oversights that were not deliberate on the part of the business taxpayer. Mr. Sullivan however, notes that the waiver of interest payments generally requires more stringent review.

3. The attached memorandum from Mr. Sullivan summarizes the estimated fiscal impacts of the proposed legislation. Mr. Sullivan states that the proposed amendments will not result in net reduced revenues to the City. In addition, Mr. Sullivan writes that the proposed changes in the penalties to taxpayers will be more equitable and at the same time relieve the Tax Collector's administrative burden in regulating the current penalties.

Recommendations:

1. Amend the title of the proposed ordinance (File 99-0304) on Line 9 to delete the reference for applying penalties to business taxpayers "who otherwise would not have owed a tax", in order that penalties would be imposed for all business taxpayers' failure to file Business Tax returns by the due date. Our recommendation is consistent with the Tax Collector's intent for the proposed legislation to be imposed on all business taxpayers

who fail to file a Business Tax return by the due date.

2. Approve the proposed ordinances, as amended.

Office Of The Treasurer & Tax Collector

City and County of San Francisco
Mailing Address: P.O. Box 7426 ◆ San Francisco, CA 94120-7426
Street Address: City Hall, Room 140 ◆ 1 Dr. Carlton B. Goodlett Place ◆ San Francisco, CA 94102

SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO

SUSAN LEAL, Treasurer
Phone: (415) 554-4478

RICHARD A. SULLIVAN, Tax Collector
Phone: (415) 554-4470

March 31, 1999

Harvey Rose
Budget Analyst's Office
1390 Market Street, Room 1025
San Francisco, CA 94102

Dear Mr. Rose:

Re: Proposed Amendments to Tax Ordinances
File Nos. 990300 thru 990307, 990335, 990336, 990408

The proposed amendments to various sections of Part III of the San Francisco Municipal Code were submitted to the Board of Supervisors for approval on February 17, 1999, February 22, 1999, and March 1, 1999. In our opinion, these proposed amendments will not result in any negative fiscal impact. In summary, potential impact of penalties on taxpayers will be more equitable and at the same time relieve our administrative burden to regulate such.

If you have any questions, please contact me.

Sincerely,

Richard A. Sullivan
Tax Collector

cc: Susan Leal

Item 11 - File 99-0527

Department: Port

Item: Resolution approving a lease and sublease with AMB Property Corporation for the development of Pier 1 as a maritime office project and approving a negative declaration and indemnity agreement.

Description: The proposed resolution would (1) approve a 50-year lease for Pier 1 with the Port as the lessor and AMB as the lessee and (2) approve a sublease for a portion of Pier 1 with the AMB as the sublessor and the Port as the sublessee. Pier 1 is located immediately north of the Ferry Building, on The Embarcadero near the intersection with Washington Street. Pier 1 is currently owned and operated by the Port, which operates a parking lot for 221 vehicles on a month-to-month basis. According to Mr. Kirk Bennett of the Port, the Port currently receives approximately $354,237 of annual revenues from Pier 1 parking operations, which comprises one level of approximately 118,313 square feet of space.

Under the proposed subject lease with AMB, the Port would continue to own Pier 1, but would enter into a long-term, 50-year lease with AMB wherein AMB would construct and manage a proposed new office building. AMB would be responsible for the construction costs, for occupying a portion of the space, subleasing a portion of the office space to the Port and for obtaining tenants for the remaining space. Under the proposed subject sublease between AMB and the Port, the Port, as the sublessee, would pay AMB annual rent of $1,836,608 for 52,475 square feet of office space at a monthly rate of $2.92 per square feet during the first five years of the sublease. This sublease includes escalation clauses in the remaining 45 years of the sublease, in addition to amortized tenant improvements at an additional annual expense to the Port of $67,000 for the first 15 years, for total expenses to the Port of $1,903,608 for each

of the first five years. In return, AMB, as lessee under the subject lease, would pay the Port, as lessor, a minimum of $1,782,859 annually, although this amount may be reduced depending on various factors contained in the lease, as discussed in Comment 8, with opportunities for sharing additional rental income in the future years. At the end of the 50-year lease and sublease, the building and all improvements would belong to the Port.

The proposed lease for the new office building at Pier 1, is anticipated to begin in August of 1999 and would contain a total of 190,904 square feet of space, including approximately 127,692 square feet on the first level and an additional 63,212 square feet on a second or mezzanine level. This would include 149,687 square feet of office space (78 percent), 39,341 square feet of public access space (21 percent) and 1,876 square feet for the existing Pier 1 Deli (one percent).

When the construction of the new office building is completed, which is anticipated to be in December of 2000, the Port would relocate all of its administrative offices from the Ferry Building, a City-owned building occupied by the Port at no rental cost, to the new Pier 1 office building where, as previously noted, the Port would pay rent. In the Ferry Building, the Port currently occupies 41,934 useable square feet, as well as approximately 6,000 square feet of storage space. As shown in Attachment 1, under the proposed lease, the Port would occupy 45,630 useable square feet, although the rent would be based on a total of 52,475 square feet of space, which includes the restrooms, service areas, walkways and other common areas. Mr. Bennett reports that the Port is proposing, under the subject lease and sublease, to increase its current office space due to three factors: (1) although most of the Port's storage space of 6,000 square feet will be moved to a less expensive location, some of the proposed new office space at Pier 1 will be used for storage; (2) more public

space, including public meeting rooms and lobby area, will be added; and (3) to allow for some potential expansion of Port staff over the next ten years. Mr. Bennett notes that the proposed office space in Pier 1 would enable the Port to increase its staff by approximately seven positions over the next ten years, at which time further increases in office space, would be permitted under the sublease.

Of the remaining 97,212 square feet of office space (149,687 total square feet of office space less 52,475 square feet for the Port), 39,422 square feet would be occupied by AMB for their administrative offices and approximately 57,790 square feet would be leased by AMB to outside tenants for office space, with priority given to maritime tenants. However, it should be noted that the subject lease does not restrict AMB to only maritime tenants for occupancy of the new building.

The proposed sublease between AMB and the Port, which would begin when the construction is completed, in approximately two years, would extend for the life of the 50-year lease, or through July of 2049. Under the proposed sublease, with the Port as the sublessee, the Port would pay AMB an initial base rent of $153,051 per month, or approximately $2.92 per square foot per month for the 52,475 square feet of office space, for a total of $1,836,608 per year, which is a rate of $35 per square foot per year, for the first five years. This base rent would increase by 18.5 percent on the fifth anniversary, and adjust to the fair market value, as determined by appraisers retained by AMB and the Port on each tenth anniversary of the 50-year sublease. Under the proposed sublease, AMB would provide the utilities and the Port would provide maintenance services for the subject office space.

On each ten year anniversary, the Port would have the option to occupy up to an additional approximately 12,000 square feet, for a total

maximum expansion of 30,000 square feet, at the then current fair market value, as determined by appraisers retained by AMB and the Port. Mr. Bennett reports that although the Port has no current plans to expand into this space, the proposed sublease would contain this expansion potential provision because, Mr. Bennett notes that the Port cannot predict what the Port's office space needs may be over the next 50 years, which is the life of the proposed sublease. According to Mr. Bennett, this expansion provision would allow the Port the flexibility to decide whether it needs such additional space in the future and there is no obligation to use such space. The Budget Analyst notes that although the Board of Supervisors is required to approve the Port's budget, the expansion of additional office space for the Port and the related funds for that specific purpose is not subject to the Board of Supervisors approval. The Budget Analyst further notes that the additional space of 30,000 square feet would provide the Port with approximately 66 percent more space than the 45,630 square feet proposed under the subject lease.

As shown in Attachment 1, the estimated total construction costs for the proposed Pier 1 project is $34,511,526. In addition, as shown in Attachment 1, excluding the amortized costs of tenant improvements, the Port would pay AMB annual rent of $1,836,608 at a rate of $35 per square foot per year during the first five years of the sublease, increasing to $2,176,380 in year six of the sublease, with subsequent Port rent increases in future years. As shown in Attachment 1, AMB would occupy its 39,422 square feet of space on an allocated annual cost of $1,576,880, at a rate of $40 per square foot per year and other office subtenants would occupy 57,791 square feet of space at a projected rate of $36.50 per square foot per year, for revenues of $2,109,370 from these other subtenants to AMB in the Pier 1 facility. The Pier One Deli would also occupy 1,876 square feet of space in Pier 1 at a rate of $30 per square foot per year and

would pay AMB $56,270 annually for rent. Like the Port's sublease, all these subleases will provide an 18.5 percent rental increase on the fifth anniversary and adjustments to the fair market rent on each tenth anniversary. The estimated total annual rental income from the proposed new building to AMB, including the rent costs allocated to AMB itself of $1,576,880, would be $5,579,127 during each of the first five years, of the lease, increasing to approximately $6,611,265 beginning in year six of the proposed sublease.

Under the proposed lease with AMB, AMB would receive a return of 11 percent on their estimated construction costs of $34,511,526, or $3,796,268 annually, for the 50-year life of the lease. Under the proposed lease, and as shown in Attachment 1, the Port would receive the balance, or $1,782,859 ($5,579,127 annual rent less $3,796,268 return to AMB) as the minimum rent, during the first five years of the proposed lease. In addition, amortization of additional tenant improvements of an additional $10.50 per square foot, above the standard tenant improvement allowance, are estimated to cost the Port an additional $67,000 per year for 15 years. As a result, during the first five years, the Port would pay AMB a net rent of $120,749 per year (rental costs of $1,836,608 plus $67,000 for tenant improvements less payment of $1,782,859 from AMB to the Port). According to Mr. Bennett, the "standard tenant improvement allowance" equals $32.50 per square foot, which is the level of allowance currently being offered by office landlords in the marketplace. To complete normal tenant improvements, it is expected that all of the subtenants will need to contribute to the costs of their tenant improvements above this allowance.

Beginning in year six, and continuing for the remaining 45 years of the lease, AMB would pay the Port 50 percent of the total rental income received by AMB, from all of the tenants, including the Port and AMB. Mr. Bennett reports that this

revenue sharing formula in the future years will result in a positive net cash flow for the Port. Attachment 1 indicates a positive net income to the Port of $55,548 beginning in Year 6 of the sublease.

The proposed resolution would also authorize a Port indemnity, as part of the sublease between the Port and AMB Property Corporation. This indemnity provides that the Port within the premises of the sublease would indemnify, defend and hold harmless AMB from and against any and all Port claims, costs and expenses, except for claims arising from active negligence or willful misconduct by AMB Property Corporation or its agents. The proposed lease also contains similar language for AMB to indemnify the Port for all of the leased premises.

Comments:

1. Currently, the Port owns, occupies, leases and maintains the Ferry Building for office space for commercial tenants and the Port's own administrative offices. Under this arrangement, the Port pays no rent for its administrative offices located in the Ferry Building and currently receives approximately $1.4 million of annual rent, according to Mr. Alec Bash of the Port. However, since the Port would move from its existing office space in the Ferry Building, to the proposed new office building to be constructed under the proposed lease and sublease, the Port would have to pay rent to AMB to sublease space in the proposed new office building at Pier 1.

Although not the subject of this proposed resolution, according to Mr. Bash, the Port issued a separate Request for Proposals (RFPs) in 1998 to develop the Ferry Building. The Port received four responses to this RFP and is currently in exclusive negotiations with Wilson Cornerstone to enter into a 65-year lease for the Ferry Building, which would include seismic upgrading and complete renovations of the facility. The renovations would include public retail, such as restaurants and fresh and prepared food markets on the first floor and

office space on the top two floors. Mr. Bash estimates that construction on the Ferry Building is projected to begin in January of 2001 and to be completed by June of 2002. The Port would continue to own the Ferry Building and similar to the proposed Pier 1 50-year lease, at the conclusion of the 65-year lease for the Ferry Building, the Ferry Building and all improvements would revert back to the Port.

Mr. Bash reports that under ongoing negotiations, which to date are not completed, the Port is expected to continue to receive $1.4 million per year of rental income from the Ferry Building, to be adjusted by the Consumer Price Index (CPI) every five years. In addition, Mr. Bash reports that the Port would share 50/50 in future Ferry Building earnings received by Wilson Cornerstone, after Wilson Cornerstone receives an 11 percent return on their equity. According to Mr. Bash, it is anticipated that, per Wilson Cornerstone's projections beginning in year 2005, the Port would receive an additional $800,000 under this revenue sharing arrangement, and that over the first 20 years of the lease, the Port would receive an additional $23 million in revenues in addition to the adjusted annual $1.4 million rental income from the Ferry Building.

Mr. Bash reports that in order to renovate the Ferry Building, the Port will need to vacate their office premises. Furthermore, Mr. Bash notes that when the renovations at the Ferry Building are completed, it is anticipated that Ferry Building office space will rent for approximately $50 per square foot per year, which is approximately $15 more per square foot, than the proposed rent of $35 per square foot that the Port will pay for office space in Pier 1.

2. According to Mr. Bennett, on March 9, 1999, the Port Commission approved a Development Agreement with AMB Property Corporation. This Development Agreement establishes the conditions

for (1) the development of Pier 1 by AMB and (2) the delivery of the lease and the sublease between the Port and AMB for Pier 1. The proposed lease and sublease, which are the subject of the proposed resolution, are included as Attachments to the Development Agreement. This Development Agreement will expire when the construction is completed and the lease and sublease become effective. Mr. Bennett reports that although the Port Commission has approved this Development Agreement, the Port will not sign this Agreement until the proposed lease and sublease are approved by the Board of Supervisors. Mr. Bennett notes that if the Board of Supervisors amends either the proposed lease or sublease, the Port would have to renegotiate the Development Agreement with AMB.

3. Section 9.118(c) of the Charter requires the Board of Supervisors approval of leases for uses of real property, extending for ten or more years. This Charter Section provides an exemption for leases of property under the jurisdiction of the Port Commission for maritime use. According to Mr. Bennett, although the lease and sublease are for predominantly maritime uses, the Port has requested and recommended Board of Supervisors approval because the Board will be required to approve appropriations each year for the Port sublease and if the Board fails to do so, AMB may offset lost revenues against the lease payments.

4. The Port issued a Request for Interest and Qualification on January 21, 1998 for development of Pier 1. According to Mr. Bennett, the Port received four responses to this Request from major national developers. One of the responders, La Salle-ORIX Joint Venture was deemed non-responsive because LaSalle did not include a required earnest money deposit. Attachment 2 provided by the Port identifies each of the remaining three firms which submitted proposals and provides a summary of each proposal, including AMB's proposal. As shown in Attachment

2, AMB Property Corporation had the highest (a) Projected Hard Construction Costs ($18,600,000) and (b) Projected Total Development Costs ($23,640,000), although Mr. Bennett reports that after an analysis of the costs was conducted by the Port, the estimated hard construction costs and total construction costs were found to be even higher than those proposed by any of the responders. As shown on Attachment 1, the current total estimated construction costs are $34,511,526 for the proposed office building at Pier 1, including $28,598,225 in hard costs. On May 26, 1998, the Port Commission selected AMB Property Corporation to enter into an Exclusive Right to Negotiate with the Port for this development project for Pier 1, based on the staff's recommendation, as shown in Attachment 3, which contains the reasons for selecting AMB.

5. On January 5, 1999, Pier 1 was placed on the National Register of Historic Places. Mr. Bennett reports that having Pier 1 placed on the National Register of Historic Places provides (1) an expedited California Environmental Quality Act (CEQA) review of the proposed project, (2) an exemption from the Bay Conservation Development Commission's (BCDC) jurisdiction which could otherwise limit permitted uses on the pier, and (3) potential Preservation Tax Credits for the project. The Preservation Tax Credits would enable AMB to receive certification from the National Park Service that the construction, when completed, complies with the Secretary of Interior's Standards for Rehabilitation, making the proposed project eligible for a 20 percent Federal Historic Preservation Tax Credit. The Port will receive 50 percent of the benefits of these tax credits in the form of a credit against the construction costs applied to the formula used to calculate the minimum rent. As shown in Attachment 1, the Port would receive a credit of $3,031,608 for their portion of the credits.

6. The State Lands Commission has determined that the proposed project is in compliance with

State Trust purposes, by preserving a maritime facility, providing office space for the Port, allowing public access and accommodating historic preservation of the Ferry Building.

7. Under the proposed lease, the Port on an emergency basis would reserve the right to berth vessels adjacent to Pier 1 without AMB's approval and on a non-emergency basis, with AMB's prior written consent, which could not be reasonably withheld, at no cost to the Port. According to Mr. Bennett, the Port's proposed lease with AMB excludes the berthing areas adjacent to the piers. Any berthing revenues from Pier 1 would accrue to the Port.

8. Although Mr. Bennett reports that Attachment 1 represents the Port's current projection of the costs and revenues, there are two conditions which could increase the costs for the Port, which are not reflected on this Attachment. The first factor is whether the contractor uses up to a 15 percent contingency on the construction and design costs, which is valued at $4,289,734 (15 percent x $28,598,225), and which would reduce the minimum rent paid by AMB to the Port, depending on how much of the contingency is required. The second factor is whether the Port will receive the Historic Tax Credits valued at $3,031,608, which would further reduce the minimum rent to be paid by AMB to the Port by approximately $333,477 annually. If the entire 15 percent contingency is required by AMB, and the Port does not receive the tax credit, then the minimum projected annual rent payable by AMB to the Port of $1,782,859 would be reduced by $802,226 to $980,633 per year during the first five years.

Mr. Bennett provided documentation to show alternative financial scenarios for either or both of the above factors. This documentation shows that instead of a net rental payment due from the Port to AMB of $120,749 in the first five years of the lease and sublease, the Port could be liable for up

to $922,974 per year in rental payments due to AMB for each of the first five years. As shown in Attachment 1, the Port is anticipated to receive $55,548 in net revenues in year 6. However, the alternative scenarios indicate that the Port would have to pay AMB net rentals of $746,677 in year 6, with decreasing net rental amounts up until year 21 of the proposed lease. After year 21, in all of the scenarios, the Port would receive a positive net revenue stream. Ms. Stephanie Downs of the Port reports that the source of rental payments during the initial years of the proposed lease and sublease would be the Port's Operating Revenues, which she currently projects will have a surplus of $2,027,709 in FY 2000-2001, when the sublease is anticipated to begin. Ms. Downs notes that the Port's FY 1998-99 budget includes $939,000 in operating surplus funds.

Over the 50-year term of the proposed lease and sublease, the Port is anticipated to receive between $23.4 million and $63.5 million of net additional revenues, or an average of approximately $468,000 to $1,270,000 per year of additional income, depending on which scenario occurs. Mr. Bennett notes that AMB is guaranteeing the rent of at least $36.50 per square foot for the 57,790 square feet of space to be leased by the other office subtenants. According to Mr. Bennett, AMB is therefore assuming the entire leasing risk and the entire risk for construction and design costs above the 15 percent contingency.

9. The Budget Analyst notes that none of the above analysis conducted by the Port factored in the current annual revenue of $354,237 that the Port receives from the Pier 1 parking operations, that would be lost if the subject lease and sublease are approved. Over the 50-year term of the proposed lease and sublease, the current annual revenue of $354,237 is projected to generate a total of approximately $40 million, based on an annual inflation rate of three percent.

Therefore, subtracting the existing Pier 1 annual revenues from parking operations from the Port's calculations of projected future net additional revenues of between $23.4 million and $63.5 million over the 50-year lease term results instead in an overall loss to the Port of approximately $16.6 million on the low side to a positive revenue stream of $23.5 million on the high side.

Subsequent to this finding by the Budget Analyst and disclosure of these facts to the Port, Mr. Bennett advised the Budget Analyst that Pier 1 is not seismically safe, is currently deteriorating and is not likely to be continued for 50 years as a parking facility. However, Mr. Bennett could not provide an estimate of how long such parking operations could be maintained by the Port.

10. Mr. Bennett notes that the proposed development of Pier 1 would initially generate over $100,000 of new Possessory Interest Tax revenues for the City. Possessory Interest Taxes are a means for the City to collect Property Taxes on public property that is used for private purposes. Mr. Bennett reports that Possessory Interest Taxes are currently paid by Port tenants to the City's General Fund that occupy Port property. However, under the proposed sublease, wherein the Port is the sublessee, the Port anticipates that it would be exempted from Possessory Interest Taxes, although the other tenants in the proposed Pier 1 development would be subject to such Possessory Interest Taxes.

11. The current zoning ordinance requires that a specified amount of parking be included in such developments. On February 16, 1999 the Planning Department granted a parking exemption to the proposed development project to enable the proposed Pier 1 project to be constructed with no parking facilities. Instead, Mr. Bennett reports that the Port is encouraging a Transit First policy. However, at the same time, the Budget Analyst notes that the City's General Fund would lose

Parking Tax revenues of approximately $68,000 that are currently generated by the Pier 1 parking facility.

12. Mr. Neil Sekhri of the City Attorney's Office reports that both the City and the Port are adequately protected under the indemnity provisions included in the proposed lease and sublease.

13. The proposed sublease states that if the Board of Supervisors does not appropriate adequate funds for the Port's rent, AMB may offset its lost Port sublease revenues by reducing the amount paid to the Port in lease payments, subject to AMB's obligation to mitigate any damages by subletting this space.

14. On January 21, 1999, the Planning Department issued the Final Negative Declaration for the proposed development of Pier 1. This included mitigation measures regarding air quality, noise and cultural resources due to the proposed construction of Pier 1. In addition, in February of 1999 the Planning Department found that the proposed project is consistent with the Eight Priority Policies of City Planning Code Section 101.1.

15. The Budget Analyst raises the following concerns about the proposed lease and sublease: (1) the Port would vacate currently rent-free premises in the Ferry Building in order to occupy space in the proposed Pier 1 development at an initial net cost of $120,749 to $922,974 per year, for at least the first five years; (2) the Port would increase its useable office space from 41,934 square feet in the Ferry Building to 45,630 square feet in the Pier 1 facility, an increase of 3,696 square feet, or 8.8 percent; (3) the proposed sublease allows for expansion of up to an additional 30,000 square feet, or an additional 66 percent increase in space, without Board of Supervisors' approval; (4) the proposed sublease would require that the Port pay

for additional tenant improvements above the standard allowance of $32.50 per square foot, excluding architecture, engineering and general conditions at an additional cost of $67,000 per year over a 15-year period; (5) although the City's General Fund is projected to receive over $100,000 of Possessory Interest Taxes, the City would forfeit approximately $68,000 of Parking Tax revenues from the existing facility, (6) the proposed sublease states that if the Board of Supervisors does not appropriate adequate funds for the Port's rent, AMB may offset its lost Port sublease revenues by reducing the amount paid to the Port in lease payments, subject to AMB's obligation to mitigate its losses by subletting the space and (7) the Port would forfeit the current Pier 1 annual revenues of $354,237, or a projected total of approximately $40 million over the 50 year term of the lease and sublease.

As a result, the Budget Analyst notes that the Port could have a negative net cash flow of an estimated $16.6 million on the low side to a positive net cash flow of $23.5 million on the high side over the proposed 50-year term of the lease and sublease, instead of the Port's reported positive net cash flow of between $23.4 million to $63.5 million over the 50-year term of the lease and sublease.

16. In summary, the proposed resolution would approve a 50-year lease and sublease with AMB Property Corporation for the construction and development of a new office building at Pier 1. Under the proposed sublease, the Port would pay AMB $153,051 per month or $1,836,608 per year, for the first five years. Including the enhanced tenant improvements for the Port, the Port's annual rental payments would increase by $67,000 for the first 15 years, or a total of $1,903,608 for the first five years. The Port's base rent would then increase by 18.5 percent to $2,176,380 in year six, or a total of $2,243,380 annually with the amortized tenant improvements, with subsequent future rental increases over the 50-year term. As

noted above, the Port currently occupies the Ferry Building, rent-free. However, the Port is currently in exclusive negotiations with Wilson Cornerstone for a 65-year lease for seismic upgrading and complete renovations to the Ferry Building, which would require all tenants, including the Port, to vacate the premises during such renovations. The Ferry Building negotiations, which to date are not completed, are expected to continue to generate $1.4 million per year of rental income to the Port, adjusted by the CPI, plus a 50/50 revenue sharing in future years.

Under the proposed lease between the Port and AMB, AMB would receive an annual return of 11 percent on their construction costs of $34,511,526, or $3,796,268 per year for the 50-year life of the lease. During the first five years, the Port would receive the balance from the annual rents received by AMB, less the required 11 percent return to AMB. This balance would vary from between $980,633 to $1,782,859, during the first five years, depending on whether AMB requires a 15 percent contingency on the construction and design costs and whether the Port receives the Historic Tax Credits for this Pier 1 project. Overall, the Port could be liable to make rental payments to AMB of up to $922,974 for each of the first five years.

Beginning in year 6 of the proposed lease and sublease, the Port would begin to share on a 50/50 basis the increased rents above the initial projected minimum that AMB receives from the subtenants. Depending on construction cost contingencies and tax credit factors, this shared rental arrangement could result in a positive net cash flow for the Port beginning anywhere between year 6 and 21 of the 50-year lease. Overall, the total rental cost to the Port would be $222.4 million, or an average cost of $4.45 million annually over the 50-year period. At the same time, the total revenues to the Port would be between $245.9 million and $285.9 million over the 50-year period, such that the Port estimated that it would receive between $23.4 million on the

low side to $63.5 million on the high side, more than the Port spends over the same 50-year period.

However, the Budget Analyst found that the Port had failed to take into consideration the fact that the Port currently receives annual revenues from parking operations of $354,237 from Pier 1. Subtracting these current annual revenues of $354,237 over the 50-year term of the lease and sublease results in a projected total loss of approximately $40 million of parking revenues to the Port. When considering this loss of revenues from the Port's parking operations, this results in a negative cash flow to the Port of an estimated $16.6 million on the low side to a positive net cash flow of $23.5 million on the high side over the 50-year term of the proposed lease and sublease, instead of the Port's previously reported positive revenue calculations of $23.4 million on the low side to $63.5 million on the high side.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

ATTACHMENT 3
LEASE FOR PIER 1
BUDGET

CONSTRUCTION BUDGET:			
HARD COSTS			
Pier Substructure			$6,411,000
Core & Shell Construction			12,753,000
Tenant Improvements			5,386,000
General Conditions			1,970,000
			26,520,000
Bonds, Insurance, & City Taxes			928,000
Contractor's Overhead & Profit			961,000
	Hard Costs Subtotal		28,409,000
Construction & Design Contingency *		None	0
Cost escalation for 1 Year		2.5%	710,225
			29,119,225
Less: Reimbursement of over standard tenant improvements		Standard @ $32.50 excluding A&E and general conditions	(521,000)
	Total Hard Costs		28,598,225
SOFT COSTS			
Design & Construction Management Fees			4,163,000
Testing, Permits & Other Owner Costs			258,000
City Exactions			1,137,000
FF&E for Common Areas			250,000
Leasing Commissions		Other Maritime Space @ $10.00	577,910
Interest During Construction **			1,959,000
Legal & Accounting Fees **			400,000
Non-Refundable Deposit			100,000
Construction Period Ground Rent			0
	Total Soft Costs		8,944,910
Construction Costs Subtotal			37,543,135
Less: Port's share of Historic Tax Credits		@ 95% x 20% x 85% x 50% ***	(3,031,608)
TOTAL CONSTRUCTION COSTS			$34,511,526

TENANT RENTAL INCOME (Triple Net) TO AMB:	Usable Sq. Ft.	Rentable Sq. Ft. @15% Load	Rent Per Sq. Ft.	Rent Year 1	Rent Year 6****
Port space	45,630	52,475	$35.00	$1,836,608	$2,176,380
Other office subtenants space	50,253	57,791	$36.50	2,109,370	2,499,603
Space occupied by Tenant (AMB)	34,280	39,422	$40.00	1,576,880	1,868,603
Subtotal: Office Space	130,163	149,687		5,522,857	6,544,586
Pier One Deli	1,631	1,876	$30.00	56,270	66,679
PROJECTED TOTAL RENTAL INCOME	131,794	151,563		$5,579,127	
TOTAL RENTAL INCOME				$5,579,127	$6,611,265
EXCESS RENTAL INCOME					$1,032,138

LEASE RENTAL ANALYSIS:		Rent Year 1	Rent Year 6****
Total Construction Costs		$34,511,526	
PROJECTED TOTAL RENTAL INCOME		5,579,127	
Less: Required Return to Tenant (AMB)	Total Construction Costs @ 11%	(3,796,268)	
MINIMUM RENT DUE PORT	Constant throughout Lease term	1,782,859	1,782,859
PARTICIPATION RENT DUE PORT	50% of Excess Rental Income		516,069
RENT DUE PORT	Shows Minimum and Participation Rent, but not Additional Rent	1,782,859	2,298,928
Less: Port Base Rent (Due under Port Sublease)		(1,836,608)	(2,176,380)
Less: Amortization of Port Tenant Improvements over Standard pursuant to Port Sublease	$10.50 (estimated) psf 180-month amortization @ 9%	(67,000)	(67,000)
NET Rent Due Port/(Due AMB)		($120,749)	$55,548

* Maximum Construction & Design Contingency equals fifteen percent (15%) of Hard Costs Subtotal.

** Excludes all points, fees, interest and other expenses regarding permanent /take-out financing

*** Assumes that 20% Historic Tax Credits sold at 85% discount to third party and that 95% of costs eligible.

**** Year 6 represents an example for purposes of demonstrating Participation Rent calculation.

SUMMARY OF RESPONSES TO REQUEST FOR INTEREST AND QUALIFICATIONS TO MASTER LEASE AND DEVELOP PIER 1 FOR MARITIME-RELATED OFFICE USES

		AMB PROPERTY CORPORATION	MARTIN GROUP\ NETWORK CONFERENCE HORNBLOWER	MEPT/ TRAMMELL CROW
A.	DEVELOPMENT ENTITY Master Tenant	AMB Property Corporation 100% AMB	Pacific Maritime Center, LLC 75% Martin Group 25% Network Conference Co., LLC. Hornblower Development Corp.	MEPT(Multi-Employer Property Trust) 100% MEPT
	Development Management	AMB Property Corporation	Martin Group	Trammell Crow
	Source of Financing	100% equity Investment from AMB No Debt	50% Debt from Institutional source 50% Equity from Institutional Sources (Not yet identified)	100% equity Investment from MEPT No debt.
	Guarantor	AMB Property Corporation	Martin Group	MEPT
B.	DEVELOPMENT CONCEPT	70% Maritime Office 90,000 - 100,000 s.f. office space (including 30,000 of AMB Property Corporation corporate headquarters and Port and other maritime offices and a casual dining restaurant) 30,000 s f. of parking	Conference Center/Maritime Office 58,000 s.f. Network Conference Center 40,000 s.f. Port office 10,000 s.f. Hornblower 2,200 s.f. deli restaurant 8,000 s f. parking	70% maritime office 105,000 s.f. office space (including 35,000 - 40,000 s.f. Port, 10,000 s.f. Trammell Crow and 5,500 s.f. restaurant/retail) 19,500 s.f. parking
C.	PROJECTED DEVELOPMENT COSTS Developer//Development Management Fees	4%	4%	4.4%
	Other Development and Leasing Fees	$ 150,000	$ 663,000	$ 1,044,000
	Projected Hard Construction Costs	$18,600,000	$17,073,000	$16,884,000
	Projected Total Development Cost	$23,640,000	$23,361,784	$20,538,000 (excludes $4,150,000 prepaid lease pymt.)
D.	PROJECTED RENTS, EXPENSES AND NOI NNN Rent	$35	$37.34	$29.86
	Operating Expenses & Reserves	10	13.68	8.36
	NOI available for debt service, equity return and ground lease payment	$25	$23.66	$21.50

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RECOMMENDATION

Based on the criteria established in the RFI&Q, the Port's project objectives and the responses of the respondents, Port staff recommends that the Port Commission award AMB Property Corporation the opportunity of exclusive negotiation on the master lease and development of Pier 1. The following factors highlight the basis for the staff's recommendation:

- AMB's proposal for public access responds better to the Waterfront Plan's public access guidelines and to the Port's public access objective, as described in the RFP, due to the proposal to provide access around the pier and an expanded deck on the south side of the pier which connects to Herb Caen Way.

- AMB's proposal better responds to the Port's objectives for long term stable occupancies as described in the RFI&Q, due to AMB's proposed occupancy of a significant portion of Pier 1.

- AMB's economic proposal provides a much greater opportunity to participate in positive financial gains of the project, both during negotiations as well as over the term of the lease.

- AMB's formula approach to setting the ground rental provides for more flexibility during the Exclusive Negotiation Period for the Port to balance the initial ground rental against other Port goals, including the size and scope of the Port's office space and tenant improvements, and the size and quality of public access improvements.

- AMB requested a shorter lease term (50 years) than did Trammell Crow (66 years). The AMB proposal enables the Port to own the improvements sooner, which is an advantage to the Port.

Prepared by: Paul Osmundson, Director, Planning & Development

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Item 12 – File 99-0565

1. The proposed motion would direct the Budget Analyst to conduct a review of and prepare a report on the proposed Public Utilities Commission (PUC) Capital Improvement Program Management Contract.

2. The purpose of the review, according to the proposed motion, is to determine if contracting out by the PUC of its management functions related to the PUC Capital Improvement Program will result in either (a) savings or increased costs; (b) increased or decreased oversight of expenditures; and, (c) provide any other benefits or costs when compared to managing the PUC's Capital Improvement Program on an inhouse basis with existing and/or new Civil Service City employees.

3. According to Ms. Carolyn Olsen, Deputy General Manager of the PUC, the PUC is currently preparing a Request for Proposals (RFP) for contracting out of engineering management functions for the first phase of the PUC's Capital Improvement Program. The tentative schedule for the selection process is to submit the RFP and Contract Management plan to the Civil Service Commission for approval in late April or early May. The RFP would then be submitted to the Public Utilities Commission for approval prior to issuance of the RFP to interested consultants. The consultant selection process is expected to be completed in the fall of 1999.

4. The proposed motion further directs the Budget Analyst to give priority to reviewing the PUC's Capital Improvement Program Management Contract upon completion of the audit of the Department of Parking and Traffic. Assigning this priority to the proposed review of the PUC Capital Improvement Program Management Contract would mean that other pending performance audits would be deferred. Currently, the Budget Analyst's performance audit program, as previously approved by the Board of Supervisors, directs the following studies and performance audits:

- Department of Parking and Traffic (a draft report has been completed and is now under review with the Department);
- San Francisco Zoo (performance audit is underway);
- Study of Privatization of City Golf Courses (Assigned as a priority project. Work will begin on completion of DPT Performance Audit);
- Assessor/Recorder;
- San Francisco Redevelopment Agency.

5. The Budget Analyst estimates that the proposed review of the PUC Capital Improvement Program Management Contract would require approximately 200 staff hours. The estimated cost for such a review, at our current hourly rate of $83.85, would therefore be $16,077. Since the proposed project would be conducted under our existing contract with the Board of Supervisors, there would be no additional costs to the City.

Item 13 – File 99-0509

Department:	Public Utilities Commission (PUC) Water Department
Item:	Resolution declaring Parcels 16 and 16A of the Bernal Property to be surplus; authorizing the General Manager of the Public Utilities Commission to execute a purchase and sale agreement to transfer Parcels 16 and 16A to the Pleasanton Unified School District; and adopting findings pursuant to the California Environmental Quality Act (CEQA).
Description:	The Bernal Property is approximately 510 acres of unimproved land, owned by the City's Water Department under the jurisdiction of the PUC. The property is located primarily in an unincorporated area of Alameda County, immediately adjacent to the City of Pleasanton.

The proposed resolution would declare that Parcels 16 and 16A, which consist of approximately 11.2 acres of land, or 2.2 percent of the total of 510 acres of the Bernal Property, are surplus to the needs of the Water Department. Parcels 16 and 16A are located at the intersection of Case Avenue and Junipero Street, within the Bernal Property adjacent to the City of Pleasanton.

The proposed resolution would also adopt findings pursuant to CEQA and would authorize the General Manager of the PUC to sell this surplus property to the Pleasanton Unified School District for the construction of a public elementary school.

Under the proposed purchase and sale agreement between the PUC and the Pleasanton Unified School District, the purchase price for the proposed 11.2 acre parcel would be $6.4 million, or approximately $571,429 per acre. However, according to the purchase and sale agreement, the Pleasanton Unified School District would pay the City only $3.0 million of the purchase price in cash, at the time of the closing on the property. The

balance, or $3.4 million of the total purchase price of $6.4 million, would be allocated as a credit toward school developer fees which would otherwise have to be paid by the PUC as the owner of the Bernal Property when the development commences. School developer fees are one of the various developer fees (e.g., affordable housing fees, park development fees, etc.) that are required to be paid by the owner and/or developer of the property to the City of Pleasanton, prior to the issuance of a building permit.

According to Mr. Rick Nelson, the PUC's Project Manager for the Bernal Property, the Bernal Property will be subject to a total of approximately $18.2 million of school developer fees to be paid by the owner and/or developer of the Bernal Property, based on the estimated square footage of the residential units proposed to be developed on the Bernal Property. The proposed $3.4 million school developer fee credit would reduce the estimated $18.2 million of school developer fees to $14.8 million that the owner and/or developer of the Bernal Property Development Project would be subject to paying. Under specified conditions, these $3.4 million of school developer fees credits the City would receive under the proposed purchase and sale agreement, can be sold by the City and effectively transferred to the next owner of the property, if the City ultimately sells the Bernal Property.

In addition, the proposed purchase and sale agreement states that the purchase price can be further adjusted if all of the following three conditions are met: (1) on or before July 1, 1999, the Pleasanton City Council votes to approve the Bernal Property project on the remaining 498.8 acres (510 acres less the subject parcels totalling 11.2 acres); (2) the Pleasanton City Council's approval of the Bernal Property Development Project becomes final and effective and is not subject to further legal challenge by January 1, 2000; and (3) any referendum or initiative vote by the Pleasanton electorate on the Bernal Property

Development Project occurs at the November, 1999 election and is positive regarding the approval of the proposed Bernal Property Development Project. Although Mr. Nelson could not provide the Budget Analyst with any assurances that these three conditions would be met, if these conditions are not met, then the City would still receive $3 million in cash as well as the school developer fee credits of $3.4 million.

Mr. Nelson reports that it is "extremely likely" that the Bernal Property Development Project will be subject to a referendum or initiative vote by the Pleasanton electorate. In fact, Mr. Nelson forwarded to the Budget Analyst's Office a copy of the text of the Pleasanton Initiative being circulated by the Pleasanton Citizens Alliance for Public Planning. Mr. Nelson acknowledges that there are no guarantees that this citizens' group will be successful in either obtaining the necessary number of signatures for the ballot or attaining a positive vote on the issue.

However, Mr. Nelson notes that the last two development projects approved by the Pleasanton City Council were subject to a referendum vote by the electorate, and both of these development projects were significantly smaller (i.e., one project included 300 units and one project included 90 units) than the proposed Bernal Property development project. However, the decision by the electorate on any future project is uncertain.

If all of these three conditions are met, then (1) the City would still receive the $3.0 million cash when the subject property for the 11.2 acres closes escrow; (2) the above-noted school developer fee credit of $3.4 million from the Pleasanton School District to the City of San Francisco would be eliminated, such that the City of San Francisco would not receive any school developer fee credits; and (3) the City of San Francisco would pay $2.0 million to a Pleasanton Unified School District designated endowment, trust, foundation or other non-profit educational organization, by April 29,

2000. Under this scenario, the PUC would only receive a total of $1.0 million ($3.0 million at the close of escrow less $2.0 million paid to a designated educational non-profit organization by April 29, 2000) out of the purchase price of $6.4 million, or $5.4 million less than the purchase price for the sale of this property to the Pleasanton School District.

Mr. Nelson reports that the proposed $5.4 million downward adjustment (loss of $3.4 million in school developer fee credits plus $2 million to be paid by the City of San Francisco to a non-profit educational organization) from the $6.4 million purchase price of the 11.2 acre parcel is being proposed to build community support in Pleasanton for this project. According to Mr. Nelson, this is not untypical of the concessions many development projects make in order to gain political and public favor. Mr. Nelson notes that because school overcrowding has become such a public concern in Pleasanton, the proposed purchase price reduction is being offered as an incentive for the Pleasanton City Council to take an approval action on the remaining 498.8 acres of the Bernal Property Development Project by July 1, 1999 and to build community support for the project in the event the project approvals are put to public vote.

Comments:

1. Mr. Nelson advises that the PUC has been working with Alameda County since 1994 and the City of Pleasanton since approximately 1986 or over 13 years to obtain development rights (known as land use entitlements) to build a mixed-use development on the 510 acres of the Bernal Property. Mr. Nelson reports that the planned mixed-use Bernal Property Development Project currently being negotiated with the Pleasanton City Council, which has still not approved the Project, would consist of up to 1,900 residential housing units, 750,000 square feet of commercial office space, an 18-hole public golf course, 40 acres of parks and an elementary school which would be

annexed into the City of Pleasanton, if all the contemplated development approvals are obtained.

According to Mr. Nelson, to date, the PUC has secured a development agreement and zoning reclassification for the development of the Bernal Property from Alameda County. However, Mr. Nelson reports that the Bernal Property Development Project, under the County's jurisdiction, still requires many additional approvals and permits (e.g., wastewater treatment and disposal facilities, water supply system, etc.) before the Bernal Property could be developed. Mr. Nelson cautions that the PUC's ability to obtain these subsequent permits and approvals is uncertain and it will take considerable time and money to secure these approvals. In addition, Mr. Nelson notes that the City of Pleasanton will likely pursue legal action over Alameda County's approvals of the Bernal Property Development Project, which would delay and could possibly overturn these County approvals.

2. However, Mr. Nelson reports, as previously noted, that San Francisco still has not yet reached final agreement with the City of Pleasanton for the Bernal Property Development Project. As noted above, the PUC contacts with the City of Pleasanton began in approximately 1986, or over 13 years ago.

According to Mr. Nelson, to date, San Francisco has applied to the City of Pleasanton for land use entitlements for the Bernal Property, which includes a pre-annexation development agreement, specific plan, environmental impact report and other land use certifications, agreements and approvals for the development of the Bernal Property. Mr. Nelson advises that these applications by San Francisco for both Alameda County and the City of Pleasanton provide for an elementary school site on Parcels 16 and 16A. However, Mr. Nelson notes that San Francisco did not anticipate the sale of the subject Parcels 16 and 16A prior to the overall development of the rest of

the 498.8 acres of the Bernal Property Development Project.

3. According to Mr. Nelson, the immediate need for the Pleasanton public elementary school is in response to the State's recent policy of encouraging only 20 students per class, which has resulted in elementary school overcrowding in Pleasanton. The proposed elementary school on Parcels 16 and 16A is scheduled to open in September of 2000, or in approximately 18 months. Mr. Nelson advises that if the City does not sell the proposed parcels to the School District, the Pleasanton School District has threatened to condemn Parcels 16 and 16A, and to use eminent domain powers to take the subject property. The Budget Analyst notes that although the State may be encouraging only 20 students per class in elementary school classes through financial incentives to local school districts, the State has not imposed any requirements for such reduced class size on local school districts nor does the State require the construction of this new school.

4. The Pleasanton Unified School District issued a negative declaration for the acquisition and construction of the proposed Bernal Property Elementary School under the requirements of the California Environmental Quality Act (CEQA). On March 2, 1999, the PUC passed a resolution adopting these CEQA findings and the proposed resolution would also adopt similar findings pursuant to CEQA.

5. In August of 1998, the San Francisco Board of Supervisors approved a resolution (File 98-1254) authorizing the PUC to prepare and solicit invitations to bid and/or hold a public auction for the sale of the Bernal Property. At the time, the PUC indicated that the City could proceed to either sell the property outright or partner with a private developer and share in the risk and profits. As a result, Mr. Nelson reports that the PUC issued a request for quotations (RFQ) in November of 1998 to seek interested parties to bid on the purchase of the Bernal Property. According to Mr. Nelson, in

January of 1999, the PUC qualified 12 bidders based on their financial status, development experience and other factors. Mr. Nelson advises that if and when the City of Pleasanton gives their final approval for the proposed project, the PUC intends to proceed with the selection of a purchaser/developer for the remaining 498.8 acres of the Bernal Property.

6. According to Mr. Nelson, the PUC intends to sell the remaining 498.8 acres of property outright, rather than having the City involved in the development of the Bernal Property. Therefore, San Francisco would receive a lump sum payment for the sale of the property rather than receiving a future long-term revenue stream. Mr. Nelson could not provide the Budget Analyst with an estimate as to the fair market value which such a sale would generate.

In a June, 1994 management audit report of the Water Department, the Budget Analyst reported with regard to the subject property that the real estate development project was "...estimated to have a long term net revenue benefit to the City of $319 million." However, Mr. Nelson cautions that this estimate was based upon a financial subconsultant's report which rested on a number of assumptions, such as assuming a more conceptual project that is considerably different than the project currently under consideration and assuming that the City would be the sole developer of the property. According to Mr. Nelson, since these assumptions are no longer applicable, the estimates may not have any relevance to today's market. However, Mr. Nelson could not provide the Budget Analyst with the estimated current value of the long-term net revenue benefit to the City, if the City were directly involved in the development of the project, instead of just selling the property outright.

According to Mr. Nelson, the reason for forgoing a future long-term revenue stream and selling the property outright is because it was determined by

the PUC that (1) the City would have to incur additional risk to develop this property, (2) the City's track record thus far on this project has not been smooth or easy and (3) the City would not be able to move quickly enough, given the numerous approvals from the PUC, Board of Supervisors and Mayor, that would be required at each step, to undertake such a significant development project, as the Bernal Property Development Project. The final decision on whether to sell or develop the property will be subject to the Board of Supervisors approval.

7. As discussed above, the Bernal Property is currently located in the unincorporated area of Alameda County and the City has received the necessary development approvals from Alameda County. But, Mr. Nelson notes that the developer would need to provide all necessary fire service, water, sewer and other infrastructure improvements to the site, if the project remains in the unincorporated part of Alameda County. However, since the property is adjacent to the City of Pleasanton, Mr. Nelson notes that the property's infrastructure could be integrated with the City of Pleasanton's systems, if the project is approved by the City of Pleasanton, and the Bernal Property subsequently annexed by the City of Pleasanton, with much less risk to the developer.

According to Mr. Nelson, although the PUC still intends to sell the remaining 498.8 acres of property outright, the PUC is proceeding with efforts to secure these final development approvals from the City of Pleasanton for the proposed development project, rather than selling the property without such approvals, due to the increased potential sale value of the property to the developer if such approvals were obtained prior to the property being sold by the City. However, as previously noted, Mr. Nelson advises that a current appraisal of the potential sale value of the entire Bernal Property is not available at this time. Furthermore, Mr. Nelson cannot estimate what the

current value to the property would be with such approvals.

8. A valuation of the subject 11.2 acre parcel by Keyser Marston Associates, Inc. for the PUC, indicates the fair market value of the property is $6,580,000. As indicated above, the proposed purchase price of the property would be $6.4 million, or $180,000 less than the appraised fair market value.

As previously noted, only $3.0 million of the $6.4 million purchase price would be received in cash, with the $3.4 million balance in school developer fee credits. Because the school developer fee credits would need to be discounted to induce developers to purchase such credits, the Keyser Marston Associates, Inc. valuation report indicates that the actual cash value of the $3.4 million of school developer credits is approximately 80 percent, or $2.7 million. Therefore, the total cash value of the $6.4 purchase price would actually be $5.7 million ($3 million cash plus $2.7 million value of school developer fee credits), which is $880,000 less than the estimated $6,580,000 fair market value of the property.

9. Although the valuation indicated that the fair market value of this property is $6,580,000, Mr. Nelson indicates that the proposed purchase price of $6.4 million, or at a discounted rate of $5.7 million is reasonable for the PUC to sell the subject 11.2 acre parcel to the Pleasanton School District because (1) it is still a good value for this property, (2) if the Pleasanton School District pursues an eminent domain action to take this 11.2 acre parcel, it is unclear how much the City would ultimately receive for the property, and (3) if the Pleasanton School District pursues an eminent domain action to take this 11.2 acre parcel, the other provisions included in the proposed purchase agreement would be voided.

Some of the major provisions included in the proposed purchase agreement (1) protect the

remaining 498.8 acres of the Bernal Property from a possible forced annexation by the City of Pleasanton by requiring that the Pleasanton School District to vote its property valuation in the elementary school site as directed by the City of San Francisco, (2) ensure the cooperation by the Pleasanton Unified School District on subsequent City of Pleasanton and Alameda County approvals and (3) require the Pleasanton School District to serve students generated by the Bernal Property development, regardless of whether the City of Pleasanton approvals are received. However, the Budget Analyst notes that ensuring the cooperation of the Pleasanton Unified School District cannot be certain as individuals can change and the same individuals can change their position. However, Mr. Nelson reports that these provisions are contained in the proposed purchase and sale agreement to be entered into between the PUC and the Pleasanton Unified School District and if the Pleasanton Unified School District does not live up to these contractual obligations, the PUC could sue the District for breach of contract.

10. As discussed above, the purchase price of $6.4 million would be adjusted downward to a total of $1 million (loss of $3.4 million in school developer fee credits plus $2 million to be paid by the City of San Francisco to a non-profit educational organization) if three specific conditions are met by the Pleasanton City Council and the Pleasanton electorate regarding approval of the Bernal Property Development Project. However, Mr. Nelson notes that the payment to the non-profit educational organization is to be paid 120 days after the final and effective project approvals are obtained for the remaining 498.8 acre project from the City of Pleasanton. Mr. Nelson reports that once such final and effective project approvals are obtained, the PUC intends to seek approval from the PUC and the Board of Supervisors for sale of the Bernal Property. Therefore, according to Mr. Nelson, it is "unlikely" that San Francisco itself will be required to make the $2 million additional payment to the non-profit, but rather this

responsibility will be assumed by the new owner of the Bernal Property. Yet at the same time, that Mr. Nelson states it is "unlikely" San Francisco will have to pay the $2 million, this subject agreement requires the City to pay the $2 million to the non-profit organization. Furthermore, Mr. Nelson cannot guarantee that the new owner of the project will make such payments.

11. When queried by the Budget Analyst, Mr. Nelson responds that there is no assurance or guarantee, if the proposed resolution is approved, and the 11.2 acre parcel is sold to the Pleasanton School District, that the City of Pleasanton will grant the final approvals for the Bernal Property development project. However, Mr. Nelson notes that the City of Pleasanton began a series of public hearings on the Bernal Property development project on March 30, 1999, that are expected to result in a Pleasanton City Council vote on the project in June of 1999, in accordance with a Pleasanton City staff report.

12. Mr. Andy Moran of the PUC reports that the funds received by the PUC from the sale of the proposed 11.2 acre parcel would accrue to the Water Department's Enterprise Fund. According to Mr. Carlos Jacobo of the PUC, if and when the subject 11.2 acre parcel is sold to the Pleasanton School District and the Water Department receives such revenues, the PUC will request the necessary appropriation approvals from the Board of Supervisors to expend such additional revenues. In addition, Mr. Moran reports that the monies received from the eventual sale from the remaining 498.8 acres of the Bernal Property would also be deposited in the Water Department's Enterprise Fund. According to Mr. Steven Carmichael of the PUC, these funds may be used for the construction of a City office building at 525 Golden Gate for the PUC and other City departments, which is currently estimated to cost approximately $75 million.

13. The Budget Analyst notes that in accordance with Charter Section 16.103, receipts from the Water Department must be maintained in a separate enterprise fund for the Water Department. This Charter Section also identifies how, and in what specified order, appropriations from these Water Department funds must be made. In addition, this Charter Section states that if at the end of any fiscal year, or as part of the budgeting process, the Controller certifies or estimates that excess surplus funds of the Water Department exist, then such excess surplus funds may be transferred by the Board of Supervisors to the City's General Fund.

14. As shown in the Attachment provided by the PUC, from approximately June of 1988 through March of 1999, the PUC has spent $6,823,058 on this Bernal Property development project. In addition, as shown in the Attachment, the PUC estimates that they will incur approximately an additional $200,000 to complete this project, for a total estimated City cost of $7,023,058. Of this total, approximately $4,040,058 was spent for the primary consultant, The Planning Collaborative, to assist on this project. Mr. Jacobo reports that Water Department revenues were used to pay for these expenses. As previously noted, to date, the City has obtained initial development approvals from Alameda County for the Bernal Property development project but, approval by the City of Pleasanton has still not been reached.

15. The Budget Analyst requested Mr. Nelson to provide a memorandum explaining the reasons, in writing, why this proposed resolution should be approved. While Mr. Nelson was cooperative with the Budget Analyst and provided detailed documentation, Mr. Nelson declined to provide the Budget Analyst with a memorandum explaining the reasons for approving this resolution.

Recommendation: In total, the Public Utilities Commission has expended over $6.8 million on the Bernal Property Development Project and to date, with the

exception of obtaining residential and commercial rezoning of the project from Alameda County, has secured no guarantees that such expenditures will result in future economic benefits for the City. The Budget Analyst cannot recommend approval of the proposed resolution for the following reasons:

- A valuation of the subject 11.2 acre parcel indicates a fair market value of $6,580,000. However, the PUC proposes to grant concessions to the Pleasanton School District by selling the property for $6.4 million, including $3.0 million in cash and $3.4 million in school developer fee credits. However, the PUC's consultant notes that the discounted value of the $3.4 million in school developer fee credits, if sold by the PUC, would be $2.7 million. Therefore, the sale of the property for, in effect, $5.7 million ($3.0 million in cash and a market value of $2.7 million in school developer fee credits) is $880,000 less than the fair market value of $6,580,000.

- Further, the purchase price of $6.4 million would be adjusted downward to a total of $1 million (loss of $3.4 million in school developer fee credits plus $2 million to be paid by the City of San Francisco to a non-profit educational organization to be designated by the Pleasanton Unified School District) if three specific conditions are met by the Pleasanton City Council and the Pleasanton electorate regarding approval of the Bernal Property Development Project.

- There is no assurance or guarantee, if the proposed resolution is approved, and the 11.2 acre parcel is sold to the Pleasanton School District, that the City of Pleasanton, which the San Francisco has been negotiating with over 13 years, since 1986, will grant the final approvals for the remaining 498.8 acres of the Bernal Property Development Project as requested by San Francisco.

Attachment

Bernal Property
Expenditure Authorizations
As of 3/99

Consultants		Authorized
1. The Planning Collaborative Prime consultant land planning, engineering, environmental & economic professional services) (6/88 to present- approx. $35M remaining)		$4,040,058
2. Wendel, Rosen, Black & Dean Real estate negotiations & Property Disposition (9/97 to present approx. $285M unspent)		$600,000
	Subtotal	4,640,058
City Attorney		
1. Costs incurred thru FY 98/99		$1,480,000
Project Manager		
1. Pre 1995		$138,000
2. 1995 to Present		$340,000
	Subtotal	$478,000
Alameda County		
1. Development Application Processing Costs		$225,000
	Subtotal	$6,823,058
Estimated to Complete		$200,000
	Total	7,023,058

Item 14 - File 98-1443

Note: This item was continued by the Finance and Labor Committee at its meeting of March 10, 1999.

Department: Police Department

Item: Ordinance amending Article 1, Chapter VIII, Part II of the San Francisco Municipal Code (Police Code) by (1) amending Sections 2.26.1 and 2.27.1, to adjust permit and license fees for the operation of motor vehicles for hire and to provide a 50 percent discount for four years on permit fees for taxicabs and ramped taxicabs operating on compressed natural gas; and amending Article 16, Divisions I and II; (2) amending Sections 1080 and 1088, to require approval for fees in these sections from the Board of Supervisors; and, (3) amending Section 1125, to include the existing fees for taxicab color scheme permits and the proposed fee for taxicab color scheme renewals (authorized by these sections) in the permit and license fee schedules for motor vehicles for hire.

Description: Section 2.26.1 of the Police Code currently imposes 11 types of filing fees specifically related to applications for Motor Vehicle for Hire permits, which range from a permit application filing fee of $53 for a jitney bus driver to a permit application filing fee of $347 for a taxicab radio dispatch service. Such permit application filing fees are collected on a one-time basis by the Police Department.

The proposed ordinance would (1) increase the permit application filing fees for five of the 11 Motor Vehicle for Hire permits and (2) transfer four filing fees from a list of fees charged directly by the Police Commission to the schedule of filing fees for Motor Vehicle for Hire permits in the Police Code. Attachment I, provided by Officer Farrell Suslow of the Police Department, contains the list of existing filing fees, the proposed filing fee increases, the proposed fee transfers and the dollar and percentage increases for each proposed fee change.

Permit application filing fees are designed to cover the cost of all administrative and investigative work of the

Police Department and other City departments, including the Fire Department (SFFD), Department of Public Health (DPH), the Department of Parking and Traffic (DPT), and the Department of City Planing (DCP), for processing permit applications, whether or not the permits are ultimately granted. The costs of these departments are included in the permit application filing fee charged by the Police Department. The fees are collected by the Police Department and the fee proceeds are allocated to the departments that provide services related to processing the specific type of permit application for which the filing fee was collected.

Officer Suslow reports that permit application filing fees were last increased in June of 1996 (File No. 121-96-7). According to Officer Suslow, since this last fee increase, the Police Department placed additional emphasis on investigations of existing Motor Vehicle for Hire permits and thus, hired four full-time Police personnel between October of 1996 and June of 1998 to aide in such investigations. Attachment II is a letter, provided by Officer Suslow, explaining the Police Department's need to increase filing fees in order to cover the cost of increased Police staff already in place.

Approval of the proposed ordinance would also amend Section 2.26.1 of the Police Code by adding a provision to allow for a 50 percent credit against the permit application filing fee for each taxicab or ramped taxicab operating on compressed natural gas. According to the proposed legislation, such credit for compressed natural gas vehicles will expire on January 1, 2003.

Section 2.27.1 of the Police Code currently imposes 10 types of annual license fees specifically related to Motor Vehicle for Hire permits, which range from $29 per year for a public passenger vehicle driver to $346 for a taxicab radio dispatch service. Such annual license fees are payable to the Tax Collector for permits issued by the Police Department.

The proposed ordinance would (1) increase the annual license fees for four of the 10 Motor Vehicle for Hire permits and (2) add one new annual license fee to the

schedule of Motor Vehicle for Hire permits. Attachment I, provided by Officer Suslow, contains the existing license fees, the proposed license fee increases, the new license fee and the dollar and percentage increases for each proposed fee change.

As with permit application filing fees, annual license fees are designed to cover the cost of administrative and investigative work of the Police Department and other City departments, necessary to administer the licensing program. Officer Suslow advises that such costs are primarily incurred by the Police Department.

Officer Suslow reports that annual license fees were last increased in June of 1996 (File No. 121-96-7). According to Officer Suslow, as with permit application filing fees, the increased revenues from the proposed annual license fees and from the additional license fee for the renewal of a taxicab color scheme would be used to cover the cost of four full-time Police Department personnel hired between October of 1996 and June of 1998 to assist primarily in investigations of Motor Vehicle for Hire permits.

Approval of the proposed ordinance would also amend Section 2.27.1 of the Police Code by (1) increasing the amount of a credit (from $208 to $220) allowed against the license fee for each licensed taxicab operator who agrees to participate on a daily basis throughout the permit year in the Paratransit Program and (2) adding a provision to allow for a 50 percent credit against the filing fee for each taxicab or ramped taxicab operating on compressed natural gas. According to the proposed legislation, such credit for compressed natural gas vehicles will expire on January 1, 2003.

Section 1080 of the Police Code authorizes the Police Commission to set permit application filing fees for the operation of motor vehicles for hire. Such fees are used by the Police Department and other City departments to cover the costs of investigating and processing the application for each permit.

The proposed ordinance would amend Section 1080 of the Police Code to provide that such fees for Motor Vehicle for

Hire permits be approved by the Board of Supervisors (see Comment No 1).

Section 1088 of the Police Code requires the Police Department to issue a metallic medallion for each Motor Vehicle for Hire permit issued by the Police Department. During all hours of operation of a motor vehicle for hire, the medallion must be placed in the lower right hand corner of the windshield in such a manner that the serial number is clearly visible from the exterior of the vehicle. Presently, the fee for a metallic medallion is paid once each calendar year in an amount determined annually by the Police Commission. Such fee is payable to the Police Department to cover the costs of producing and processing each metallic medallion.

The proposed ordinance would amend Section 1088 of the Police Code to provide that such fees for the metallic medallions be approved by the Board of Supervisors.

Section 1125 of the Police Code requires that upon the issuance of a taxicab permit by the Police Department, every taxicab permittee is required either to adopt an existing taxicab color scheme (i.e. join a particular taxicab company with exclusive rights to a distinguishing taxicab color scheme) or to establish a new taxicab color scheme; in which case, the permittee holds exclusive rights to the use of such taxicab color scheme. Taxicab color schemes in turn require approval from the Chief of Police.

The proposed ordinance would amend Section 1125 of the Police Code to provide that the fees for taxicab color scheme permits, as well as the proposed fees for taxicab color scheme changes and color scheme renewals, be approved by the Board of Supervisors.

Comments:

1. Mr. Thomas Owen of the City Attorney's Office advises that if the proposed ordinance is approved, the Police Code would be amended to include a provision authorizing the Board of Supervisors to approve fees imposed by the Police Department. Mr. Owens explains that the Police Code presently does not reflect the fact that the Board of Supervisors is already approving such

fees for Motor Vehicle for Hire permits in accordance with the City's Charter.

2. The proposed ordinance incorrectly refers to the fee for a metallic medallion as a metal medallion. The proposed ordinance should be amended to properly identify that this fee is for a metallic medallion and not a metal medallion.

3. According to Officer Suslow, the Police Department collects approximately $500,000 per year in existing permit application filing fees and annual license fees, as identified in Attachment I of this report. According to Officer Suslow, the revised fees and the one new fee would generate estimated additional revenues to the City of $500,000 annually. Officer Suslow therefore estimates that the Police Department would realize total fee revenues of an estimated $1,000,000 annually if the proposed ordinance is approved. Attachment III is a memo, provided by Officer Suslow, containing the estimated annual fee revenue data.

Recommendations:

1. Amend the proposed ordinance by substituting the term "metal" medallion with "metallic" medallion in accordance with Comment No. 2 of this report.

2. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

Notes	Type of Permit	Existing Fees	Proposed Fees	Transferred Fees	Dollar Increases	Percentage Increases
1	Color Scheme, New			2500		
2	Color Scheme Change	68	125		57	84%
	Interurban Bus	268				
	Jitney Bus Driver	53				
	Jitney Bus Owner	268				
	Limousine	268				
3	Metal Medallion			25		
3	Lost Medallion			150		
	Motorized Rickshaw	268				
4	Public Convenience & Necessity Application			200		
	Public Passenger Vehicle Driver	53	65		12	23%
	Ramped Taxicab	277	325		48	17%
	Sightseeing Bus	268				
	Taxicab	268	450		182	68%
	Taxicab Radio Dispatch Service	347	2500		2153	620%

ANNUAL LICENSE FEES

Type of Permit	Existing Fees	Proposed Fees	New Fees	Dollar Increases	Percentage Increases
Color Scheme, Renewal			2500		
Interurban Bus	277				
Jitney Bus Driver	58				
Jitney Bus Owner	277				
Limousine	277				
Motorized Rickshaw	277				
Public Passenger Vehicle Driver	29	40		11	38%
Ramped Taxicab	138	175		37	27%
Sightseeing Bus	277				
Taxicab Radio Dispatch Service	346	2500		2154	622%
Taxicab	346	550		204	59%

1. The Police Code requires that upon the issuance of a taxicab permit by the Police Department, every taxicab permittee is required either to adopt an existing taxicab color scheme (i.e. join a particular taxicab company with exclusive rights to a distinguishing taxicab color scheme) or to establish a new taxicab color scheme; in which case, the permittee holds exclusive rights to the use of such taxicab color scheme.
2. A taxicab permittee may change taxicab color schemes after receiving approval from the Chief of Police.
3. The Police Code requires that upon the issuance of a Motor Vehicle for Hire permit by the Police Department, the Police Department must also issue a metallic medallion with the permit. During all hours of operation of a motor vehicle for hire, the medallion must be placed in the lower right hand corner of the windshield in such a manner that the serial number is clearly visible from the exterior of the vehicle.
3. A Lost Medallion is an application for replacement of a metallic medallion that has been lost.
4. Public Convenience & Necessity Application is a request for a hearing before the Police Commission to consider the issuance of a Motor Vehicle for Hire permit.

POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO
THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103

FRED H. LAU
CHIEF OF POLICE

September 18, 1998

Mr. Gabriel Cabrera
Budget Analyst Office
1390 Market St. Suite 205
San Francisco, CA 94102

Dear Mr. Cabrera:

During our September 17, 1998 telephone conversation you requested that I send you a letter providing information regarding the Board of Supervisors' proposal to change permit and licensing fees for the Taxicab Industry. Hopefully, the following responses will suffice for your analysis.

Your first request was for a list of both the existing and proposed fees. Both the existing and proposed fees are listed in the draft ordinance. However, I'm sending you a rough draft worksheet from last year that also exhibits the fees.

Primarily you requested an explanation of how the fee changes were calculated. In past years fee changes were calculated by simply adding whatever percentage increase was attributable to salary and benefit increases. However, since the last fee increase in 1996 our overall enforcement focus, as well as our staffing level has dramatically changed. In particular we have shifted much of our focus for investigations and enforcement by placing additional emphasis on investigations relating to "Permit Holders", "Color Schemes" and "Radio Dispatch Services".

The fees currently before the "Board" were derived by calculating our total costs and then raising the fees to equal our costs. Certain fee recommendations such as the "Color Scheme" and "Radio Dispatch Service" fees are projected to rise disproportionately as part of an effort to allocate costs more accurately to specific functions. Previous fee calculations tended to attribute all such costs within the "Permit Holder" fees.

Overall, the additional revenue generated by this package of fee increases will cover the cost of increased staffing already in place.

Sincerely,

Officer Farrell Suslow
Taxicab Detail

POLICE DEPARTMENT

CITY AND COUNTY OF SAN FRANCISCO

THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103

FRED H. LAU
CHIEF OF POLICE

September 24, 1998

Mr. Gabriel Cabrera
Budget Analyst Office
1390 Market St. Suite 205
San Francisco, CA 94102

Dear Mr. Cabrera:

During our September 22, 1998 telephone conversation you requested that I send you a letter providing information regarding the Board of Supervisors' proposal to change permit and licensing fees for the Taxicab Industry. Hopefully, the following responses will suffice for your analysis.

According to projections from the Controller's Office, our revenues from Taxicab Fees have been averaging approximately $500,000 per year for the past few years. The new proposed fees would generate slightly over $1,000,000 per annum. Total costs for staffing and expenses will also be at approximately $1,000,000 per annum.

The fee proposal includes only one truly new fee, "Color Scheme License Fee". This new few should account for approximately $25,000 of the new revenue. All other fees are either fees currently in the Police Code or fees being moved to the Police Code from the list of fees charged directly be the Police Commission.

Sincerely,

Officer Farrell Suslow
Taxicab Detail

Item 15 – 99-0504

Item: Hearing to consider the effects of the proposed merger of the University of California at San Francisco (UCSF) Medical Center and the Stanford University Medical Center and its impact on hospital staff, quality of medical services, and the community.

Description: In November 1997, the UCSF Medical Center and the Stanford University Medical Center merged. The merger involves the Stanford University Medical Center which includes Stanford University Hospital and Lucile Salter Packard Children's Hospital, and the UCSF Medical Center which includes UCSF/Mount Zion, Langley Porter Psychiatric Hospital and Clinic, and the clinical practices of full-time faculty of the UCSF School of Medicine (excluding faculty practicing at San Francisco General Hospital) and the Stanford University Medical School.

Under the merger plan, a new private, nonprofit public benefit corporation, UCSF-Stanford Healthcare, was formed. UCSF-Stanford Healthcare receives all patient revenues from the UCSF and Stanford facilities noted above, and is responsible for the operation of all UCSF and Stanford clinical facilities. Both Stanford and UCSF retained their own separate medical schools, and physicians remained employees of their respective schools.

Comment: As described in the Attachment provided by Mr. Tony Wagner, Executive Administrator of the DPH Community Health Network (CHN), the UCSF Medical Center and Stanford University Medical Center merger has had no impact on the Department of Public Health and CHN's ability to deliver health and medical services. Neither CHN's tertiary care contract with UCSF-Stanford Healthcare for Cardiac Surgery and Radiation Oncology services nor CHN's affiliation agreement with the UCSF Medical School has been affected as a result of the UCSF-Stanford merger. Mr. Wagner states that both the tertiary care contract and affiliation agreement are legally binding contracts which will continue, without impact to hospital staff, quality of medical services and the community.

The tertiary care contract with UCSF-Stanford Healthcare for Cardiac Surgery and Radiation Oncology services is a one-year agreement for services provided at San Francisco General Hospital (SFGH). UCSF-Stanford Healthcare provides the tertiary care services. The FY 1998-99 budget for this agreement is $1,700,000.

The current affiliation agreement between SFGH and the UCSF Medical School remains in effect until terminated by either party in accordance with the provisions of the agreement. Funding for the affiliation agreement is subject to annual appropriation in the SFGH budget as approved by the Mayor and the Board of Supervisors. The FY 1998-99 budget for the UCSF Medical School affiliation agreement is $49,111,622.

Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

ATTACHMENT C

Community
Health Network
of San Francisco

The Integrated Delivery System
of San Francisco's
Department of Public Health

March 31, 1999

To: Harvey Rose
Board of Supervisors
Budget Analyst

Thru: Mitchell Katz, MD
Director, Public Health

From: Anthony G. Wagner W
Executive Administrator, CHN

Re: Impact of the UCSF-Stanford merger on the Community Health Network of San Francisco (CHN)

Mr. Rose:

The CHN has a tertiary care contract with UCSF-Stanford Healthcare, which includes the provision of Cardiac Surgery and Radiation Oncology Services. There has been no impact on the CHN's ability to deliver services due to the UCSF-Stanford merger to date. We also have an extensive affiliation agreement with the UCSF Medical School, not UCSF-Stanford Health Care, and there has been no effect on this agreement by the UCSF-Stanford merger.

City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

City Hall
1 Dr. Carlton B.
Goodlett Place
San Francisco, CA
94102-4689

Clerk: Mary Red

Wednesday, April 14, 1999 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:12 a.m.

REGULAR AGENDA

990527 **[Lease and Sublease for Pier 1 (Embarcadero/Washington Street)]**
Resolution approving lease and sublease with AMB Property Corporation for the Development of Pier 1 (Embarcadero and Washington Streets) as a maritime office project; approving negative declaration, and indemnity agreement. (Port)

(Fiscal impact.)
3/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.
4/7/99, CONTINUED. Continued to April 14, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Paul Osmundson, Deputy Director, Planning & Development, Port; Louis Belmonte, Operating Manager, AMB Property Corporation; Dan Cheatham, Project Architect; Supervisor Ammiano; Supervisor Bierman; Supervisor Yee. In Support: Stan Smith, S.F. Building Trades Council; Bruce Bonacker, S.F. Heritage.

RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

990509 **[Property Sale, Alameda County Parcels 16, 16A (Bernal Property)]**

Supervisors Ammiano, Katz, Leno, Becerril, Kaufman, Newsom, Yaki

Resolution declaring Parcels 16 and 16A of the Bernal Property to be surplus; authorizing the General Manager of the Public Utilities Commission to execute a purchase and sale agreement to transfer Parcels 16 and 16A to the Pleasanton Unified School District; and adopting findings pursuant to the California Environmental Quality Act; requesting Public Utilities Commission to report back to the Finance and Labor Committee with revenue projections within three months.

3/15/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 4/14/1999.

4/7/99, AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE. Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Rick Nelson, Project Manager, Public Utilities Commission; Supervisor Ammiano; Supervisor Yee; Supervisor Bierman; Peter McDonald, Pleasanton School District.

4/7/99, CONTINUED AS AMENDED. Continued to April 14, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Rick Nelson, Project Manager; Supervisor Ammiano; Supervisor Yee. Amended on page 1, line 8 and page 3, line 19 to change "three" to "two". New title.

AMENDED.

Resolution declaring Parcels 16 and 16A of the Bernal Property to be surplus; authorizing the General Manager of the Public Utilities Commission to execute a purchase and sale agreement to transfer Parcels 16 and 16A to the Pleasanton Unified School District; and adopting findings pursuant to the California Environmental Quality Act; requesting Public Utilities Commission to report back to the Finance and Labor Committee with revenue projections within two months.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990328 **[Annual Joint Fundraising Drive]**

Hearing to consider applications from various agencies to participate in the 1999 Joint Annual Fundraising Drive. (Finance and Labor Committee)

2/16/99, RECEIVED AND ASSIGNED to Finance and Labor Committee. 02/16/99 - From Bay Area Black United Fund, Inc. (BABUF); Combined Health Appeal (CHA).
02/22/99 - From Local Independent Charities (LIC).

02/01/99 - Referred to Finance and Labor Committee.

02/26/99 - From Earthshare of California; International Service Agencies (ISA); UNITED WAY of the Bay Area.
03/01/99 - From Mayor's Youth Fund; Mayor's Youth Employment for the Summer Fund; Mayor's Fund for the Homeless.

03/08/99 - Referred to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Nelson, Administrative Services; Jeff Mori, Director, Mayor's Youth Fund.

PREPARED IN COMMITTEE AS A RESOLUTION.

Resolution designating those agencies qualified to participate in the 1999 Annual Joint Fundraising Drive for officers and employees of the City and County of San Francisco. (Finance and Labor Committee)

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990531 [Prevailing Wage]

Resolution fixing the highest general prevailing rate of wages, including wages for overtime and holiday work, for various crafts and kinds of labor as paid for similar work in private employment in the City and County of San Francisco at the rates certified to the Board by the Civil Service Commission on October 19, 1998. (Civil Service Commission)

3/19/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Kate Favetti, Executive Officer, Civil Service Commission; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990404 [Appropriation, Department of Public Health]

Supervisor Bierman

Ordinance appropriating $1,365,293, Department of Public Health, from the General Fund Reserve for professional services and materials and supplies to provide increased mental health services for fiscal year 1998-1999.

(Fiscal impact.)

3/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jo Ruffin, Director, Mental Health Services; Supervisor Ammiano; Supervisor Bierman; Steve Kawa, Mayor's Office. In Support: Jennifer Friederbach, Coalition on Homelessness; Mary Kate Conner; Yvonne Mere, Attorney, Homeless Advocacy Project; Rene Deger, Mental Health Board; Maggie Cockrell, mental health consumer; Rev. Glenda Hope; Bailey Walker; Fred Hobson; Bert Connell, mental health consumer; Bill Hursh, Executive Director Mental Health Association; Rosemary Dady, Attorney, Legal Assistance Foundation; Duane Kaufman, Office of Self Help; Eve Meyer, Executive Director Suicide Prevention; Jane Kahan, mental health consumer; Lionel Kelly, Community Housing Partnership; Dana Cruz Santana, Instituto Familiar de la Raza, Inc.; Chance Martin, Coalition on Homelessness; Michele Imai; Daniel O'Connell. Amendment of the Whole appropriating $1,158,352, recommended; see also divided File 990728.

DIVIDED.

Ordinance appropriating $1,158,352, Department of Public Health, from the General Fund Reserve for professional services and materials and supplies to provide for Community Mental Health (CMHS) pharmacy services for fiscal year 1998-1999.

(Fiscal impact.)

RECOMMENDED AS DIVIDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990728 [Appropriation, Department of Public Health]

Ordinance appropriating $84,237, Department of Public Health, from the General Fund Reserve for professional services to provide increased mental health services for fiscal year 1998-1999.

(Fiscal Impact)

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jo Ruffin, Director, Mental Health Services; Supervisor Ammiano; Supervisor Bierman; Steve Kawa, Mayor's Office. In Support: Jennifer Friederbach, Coalition on Homelessness; Mary Kate Conner; Yvonne Mere, Attorney, Homeless Advocacy Project; Rene Deger, Mental Health Board; Maggie Cockrell, mental health consumer; Rev. Glenda Hope; Bailey Walker; Fred Hobson; Bert Connell, mental health consumer; Bill Hursh, Executive Director Mental Health Association; Rosemary Dady, Attorney, Legal Assistance Foundation; Duane Kaufman, Office of Self Help; Eve Meyer, Executive Director Suicide Prevention; Jane Kahan, mental health consumer; Lionel Kelly, Community Housing Partnership; Dana Cruz Santana, Instituto Familiar de la Raza, Inc.; Chance Martin, Coalition on Homelessness; Michele Imai; Daniel O'Connell. Divided, continued to call of the Chair; see also File 990404 .

CONTINUED AS DIVIDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990245 [Appropriation, Public Utilities Commission]

Ordinance appropriating $690,000, Public Utilities Commission, from Water Fund Balance, $460,000 from Hetchy Fund Balance and $690,000 from Clear Water Fund (a total of $1,840,000) to fund the cost of remodeling at 875 Stevenson Street in order to accommodate the PUC staff for fiscal year 1998-1999. (Controller)

(Fiscal impact.)

2/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Phil Arnold, Public Utilities Commission; Supervisor Ammiano; Supervisor Yee. Continued to April 21, 1999.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990298 [Card Check Ordinance]

Supervisors Katz, Bierman

Ordinance amending Administrative Code Sections 23.32, 23.33, 23.34 of the ordinance governing labor representation procedures in hotel and restaurant developments in which the City has an ongoing proprietary interest (The Card Check Ordinance) in order to clarify certain defined terms, notice requirements, contract language requirements, exemptions and applicability of ordinance to pre-existing agreements and by adding Sections 23.36 and 23.37 regarding effective date, applicability and severability.

(Amends Sections 23.32, 23.33, 23.34; adds Sections 23.36 and 23.37.)

2/17/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 3/19/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Billy Blattner, Supervisor Katz's Aide; John Holtzman, Deputy City Attorney; Kim Jackson, Local 2, Hotel and Restaurant Workers; Kathleen Harrington, Golden Gate Restaurant Association. Supervisors Ammiano and Yee added as cosponsors.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

Ordinance amending Administrative Code Sections 23.32, 23.33, 23.34 of the ordinance governing labor representation procedures in hotel and restaurant developments in which the City has an ongoing proprietary interest (The Card Check Ordinance) in order to clarify certain defined terms, notice requirements, contract language requirements, exemptions and applicablity of ordinance to pre-existing agreements and by adding Sections 23.36 and 23.37 regarding effective date, applicability and severability.

(Amends Sections 23.32, 23.33, 23.34; adds Sections 23.36 and 23.37.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

981935 **[Parking Facility Leases and Management Agreements]**

Supervisor Newsom

Ordinance amending Administrative Code Section 17.11 to require that all leases and management agreements for parking facilities be awarded through a competitive process and that such parking facility leases and management agreements be approved by the Board of Supervisors.

(Amends Section 17.11.)

11/16/98, ASSIGNED UNDER 30 DAY RULE to Housing and Neighborhood Services Committee, expires on 12/16/1998.

1/25/99, TRANSFERRED to Finance and Labor Committee.

2/24/99, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Supervisor Yee; Supervisor Ammiano.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michael Farrah, Supervisor Newsom's Aide; Robert Davis; Supervisor Yee; Supervisor Ammiano.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990377 **[Appropriation, District Attorney]**

Ordinance appropriating $600,000, District Attorney, of Federal and State Public Assistance for the adaptation of San Francisco's Computer Assisted Support Enforcement System (CASES), a child support operating system throughout the California counties for fiscal year 1998-1999. (Controller)

(Fiscal impact.)

3/8/99, RECEIVED AND ASSIGNED to Finance and Labor Committee. 3/15/99 - Clerical correction, $60,000 to read $600,000.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Edwina Young, Director, Family Support Bureau, District Attorney's Office; Steve Kawa, Mayor's Office.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990582 **[Master Lease of Seneca Hotel]**

Supervisor Brown

Resolution urging the Department of Human Services, through the Tenderloin Housing Clinic, to enter into a master lease with the owners of the Seneca Hotel.

3/29/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Will Lightbourne, Director, Department of Human Services; Randy Shaw, Director, Tenderloin Housing Clinic.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution urging the Department of Human Services to enter into a contract with the Tenderloin Housing Clinic in order to acquire low-income housing units at the Seneca Hotel for the County Adult Assistance Program clients and other low-income persons, and urging the Tenderloin Housing Clinic to enter into a master lease with the owners of the Seneca Hotel.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 12:55 p.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

April 9, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: April 14, 1999 Finance and Labor Committee Meeting

Item 1 - File 99-0527

Note: This item was continued by the Finance and Labor Committee at its meeting of April 7, 1999.

Department: Port

Item: Resolution approving a lease and sublease with AMB Property Corporation for the development of Pier 1 as a maritime office project and approving a negative declaration and indemnity agreement.

Description: The proposed resolution would (1) approve a 50-year lease for Pier 1 with the Port as the lessor and AMB as the lessee and (2) approve a sublease for a portion of Pier 1 with the AMB as the sublessor and the Port as the sublessee. Pier 1 is located immediately north of the Ferry Building, on The Embarcadero near the intersection with Washington Street. Pier 1 is currently owned and operated by the Port, which operates a parking lot for 221 vehicles on a month-to-month basis. According to Mr. Kirk Bennett of the Port, the Port currently receives approximately $354,237 of annual revenues from Pier 1 parking operations,

which comprises one level of approximately 118,313 square feet of space.

Under the proposed subject lease with AMB, the Port would continue to own Pier 1, but would enter into a long-term, 50-year lease with AMB wherein AMB would construct and manage a proposed new office building. AMB would be responsible for the construction costs, for occupying a portion of the space, subleasing a portion of the office space to the Port and for obtaining tenants for the remaining space. Under the proposed subject sublease between AMB and the Port, the Port, as the sublessee, would pay AMB annual rent of $1,836,608 for 52,475 square feet of office space at a monthly rate of $2.92 per square feet during the first five years of the sublease. This sublease includes escalation clauses in the remaining 45 years of the sublease, in addition to amortized tenant improvements at an additional annual expense to the Port of $67,000 for the first 15 years, for total expenses to the Port of $1,903,608 for each of the first five years. In return, AMB, as lessee under the subject lease, would pay the Port, as lessor, a minimum of $1,782,859 annually, although this amount may be reduced depending on various factors contained in the lease, as discussed in Comment 8, with opportunities for sharing additional rental income in the future years. At the end of the 50-year lease and sublease, the building and all improvements would belong to the Port.

The proposed lease for the new office building at Pier 1, is anticipated to begin in August of 1999 and would contain a total of 190,904 square feet of space, including approximately 127,692 square feet on the first level and an additional 63,212 square feet on a second or mezzanine level. This would include 149,687 square feet of office space (78 percent), 39,341 square feet of public access space (21 percent) and 1,876 square feet for the existing Pier 1 Deli (one percent).

When the construction of the new office building is completed, which is anticipated to be in December of 2000, the Port would relocate all of its administrative offices from the Ferry Building, a City-owned building occupied by the Port at no rental cost, to the new Pier 1 office building where, as previously noted, the Port would pay rent. In the Ferry Building, the Port currently occupies 41,934 useable square feet, as well as approximately 6,000 square feet of storage space. As shown in Attachment 1, under the proposed lease, the Port would occupy 45,630 useable square feet, although the rent would be based on a total of 52,475 square feet of space, which includes the restrooms, service areas, walkways and other common areas. Mr. Bennett reports that the Port is proposing, under the subject lease and sublease, to increase its current office space due to three factors: (1) although most of the Port's storage space of 6,000 square feet will be moved to a less expensive location, some of the proposed new office space at Pier 1 will be used for storage; (2) more public space, including public meeting rooms and lobby area, will be added; and (3) to allow for some potential expansion of Port staff over the next ten years. Mr. Bennett notes that the proposed office space in Pier 1 would enable the Port to increase its staff by approximately seven positions over the next ten years, at which time further increases in office space, would be permitted under the sublease.

Of the remaining 97,212 square feet of office space (149,687 total square feet of office space less 52,475 square feet for the Port), 39,422 square feet would be occupied by AMB for their administrative offices and approximately 57,790 square feet would be leased by AMB to outside tenants for office space, with priority given to maritime tenants. However, it should be noted that the subject lease does not restrict AMB to only maritime tenants for occupancy of the new building.

The proposed sublease between AMB and the Port, which would begin when the construction is completed, in approximately two years, would extend for the life of the 50-year lease, or through July of 2049. Under the proposed sublease, with the Port as the sublessee, the Port would pay AMB an initial base rent of $153,051 per month, or approximately $2.92 per square foot per month for the 52,475 square feet of office space, for a total of $1,836,608 per year, which is a rate of $35 per square foot per year, for the first five years. This base rent would increase by 18.5 percent on the fifth anniversary, and adjust to the fair market value, as determined by appraisers retained by AMB and the Port on each tenth anniversary of the 50-year sublease. Under the proposed sublease, AMB would provide the utilities and the Port would provide maintenance services for the subject office space.

On each ten year anniversary, the Port would have the option to occupy up to an additional approximately 12,000 square feet, for a total maximum expansion of 30,000 square feet, at the then current fair market value, as determined by appraisers retained by AMB and the Port. Mr. Bennett reports that although the Port has no current plans to expand into this space, the proposed sublease would contain this expansion potential provision because, Mr. Bennett notes that the Port cannot predict what the Port's office space needs may be over the next 50 years, which is the life of the proposed sublease. According to Mr. Bennett, this expansion provision would allow the Port the flexibility to decide whether it needs such additional space in the future and there is no obligation to use such space. The Budget Analyst notes that although the Board of Supervisors is required to approve the Port's budget, the expansion of additional office space for the Port and the related funds for that specific purpose is not subject to the Board of Supervisors approval. The Budget Analyst further notes that the additional space of 30,000 square feet would provide the Port

with approximately 66 percent more space than the 45,630 square feet proposed under the subject lease.

As shown in Attachment 1, the estimated total construction costs for the proposed Pier 1 project is $34,511,526. In addition, as shown in Attachment 1, excluding the amortized costs of tenant improvements, the Port would pay AMB annual rent of $1,836,608 at a rate of $35 per square foot per year during the first five years of the sublease, increasing to $2,176,380 in year six of the sublease, with subsequent Port rent increases in future years. As shown in Attachment 1, AMB would occupy its 39,422 square feet of space on an allocated annual cost of $1,576,880, at a rate of $40 per square foot per year and other office subtenants would occupy 57,791 square feet of space at a projected rate of $36.50 per square foot per year, for revenues of $2,109,370 from these other subtenants to AMB in the Pier 1 facility. The Pier One Deli would also occupy 1,876 square feet of space in Pier 1 at a rate of $30 per square foot per year and would pay AMB $56,270 annually for rent. Like the Port's sublease, all these subleases will provide an 18.5 percent rental increase on the fifth anniversary and adjustments to the fair market rent on each tenth anniversary. The estimated total annual rental income from the proposed new building to AMB, including the rent costs allocated to AMB itself of $1,576,880, would be $5,579,127 during each of the first five years, of the lease, increasing to approximately $6,611,265 beginning in year six of the proposed sublease.

Under the proposed lease with AMB, AMB would receive a return of 11 percent on their estimated construction costs of $34,511,526, or $3,796,268 annually, for the 50-year life of the lease. Under the proposed lease, and as shown in Attachment 1, the Port would receive the balance, or $1,782,859 ($5,579,127 annual rent less $3,796,268 return to AMB) as the minimum rent, during the first five years of the proposed lease. In addition,

amortization of additional tenant improvements of an additional $10.50 per square foot, above the standard tenant improvement allowance, are estimated to cost the Port an additional $67,000 per year for 15 years. As a result, during the first five years, the Port would pay AMB a net rent of $120,749 per year (rental costs of $1,836,608 plus $67,000 for tenant improvements less payment of $1,782,859 from AMB to the Port). According to Mr. Bennett, the "standard tenant improvement allowance" equals $32.50 per square foot, which is the level of allowance currently being offered by office landlords in the marketplace. To complete normal tenant improvements, it is expected that all of the subtenants will need to contribute to the costs of their tenant improvements above this allowance.

Beginning in year six, and continuing for the remaining 45 years of the lease, AMB would pay the Port 50 percent of the total rental income received by AMB, from all of the tenants, including the Port and AMB. Mr. Bennett reports that this revenue sharing formula in the future years will result in a positive net cash flow for the Port. Attachment 1 indicates a positive net income to the Port of $55,548 beginning in Year 6 of the sublease.

The proposed resolution would also authorize a Port indemnity, as part of the sublease between the Port and AMB Property Corporation. This indemnity provides that the Port within the premises of the sublease would indemnify, defend and hold harmless AMB from and against any and all Port claims, costs and expenses, except for claims arising from active negligence or willful misconduct by AMB Property Corporation or its agents. The proposed lease also contains similar language for AMB to indemnify the Port for all of the leased premises.

Comments:

1. Currently, the Port owns, occupies, leases and maintains the Ferry Building for office space for commercial tenants and the Port's own

administrative offices. Under this arrangement, the Port pays no rent for its administrative offices located in the Ferry Building and currently receives approximately $1.4 million of annual rent, according to Mr. Alec Bash of the Port. However, since the Port would move from its existing office space in the Ferry Building, to the proposed new office building to be constructed under the proposed lease and sublease, the Port would have to pay rent to AMB to sublease space in the proposed new office building at Pier 1.

Although not the subject of this proposed resolution, according to Mr. Bash, the Port issued a separate Request for Proposals (RFPs) in 1998 to develop the Ferry Building. The Port received four responses to this RFP and is currently in exclusive negotiations with Wilson Cornerstone to enter into a 65-year lease for the Ferry Building, which would include seismic upgrading and complete renovations of the facility. The renovations would include public retail, such as restaurants and fresh and prepared food markets on the first floor and office space on the top two floors. Mr. Bash estimates that construction on the Ferry Building is projected to begin in January of 2001 and to be completed by June of 2002. The Port would continue to own the Ferry Building and similar to the proposed Pier 1 50-year lease, at the conclusion of the 65-year lease for the Ferry Building, the Ferry Building and all improvements would revert back to the Port.

Mr. Bash reports that under ongoing negotiations, which to date are not completed, the Port is expected to continue to receive $1.4 million per year of rental income from the Ferry Building, to be adjusted by the Consumer Price Index (CPI) every five years. In addition, Mr. Bash reports that the Port would share 50/50 in future Ferry Building earnings received by Wilson Cornerstone, after Wilson Cornerstone receives an 11 percent return on their equity. According to Mr. Bash, it is anticipated that, per Wilson Cornerstone's

projections beginning in year 2005, the Port would receive an additional $800,000 under this revenue sharing arrangement, and that over the first 20 years of the lease, the Port would receive an additional $23 million in revenues in addition to the adjusted annual $1.4 million rental income from the Ferry Building.

Mr. Bash reports that in order to renovate the Ferry Building, the Port will need to vacate their office premises. Furthermore, Mr. Bash notes that when the renovations at the Ferry Building are completed, it is anticipated that Ferry Building office space will rent for approximately $50 per square foot per year, which is approximately $15 more per square foot, than the proposed rent of $35 per square foot that the Port will pay for office space in Pier 1.

2. According to Mr. Bennett, on March 9, 1999, the Port Commission approved a Development Agreement with AMB Property Corporation. This Development Agreement establishes the conditions for (1) the development of Pier 1 by AMB and (2) the delivery of the lease and the sublease between the Port and AMB for Pier 1. The proposed lease and sublease, which are the subject of the proposed resolution, are included as Attachments to the Development Agreement. This Development Agreement will expire when the construction is completed and the lease and sublease become effective. Mr. Bennett reports that although the Port Commission has approved this Development Agreement, the Port will not sign this Agreement until the proposed lease and sublease are approved by the Board of Supervisors. Mr. Bennett notes that if the Board of Supervisors amends either the proposed lease or sublease, the Port would have to renegotiate the Development Agreement with AMB.

3. Section 9.118(c) of the Charter requires the Board of Supervisors approval of leases for uses of real property, extending for ten or more years. This

Charter Section provides an exemption for leases of property under the jurisdiction of the Port Commission for maritime use. According to Mr. Bennett, although the lease and sublease are for predominantly maritime uses, the Port has requested and recommended Board of Supervisors approval because the Board will be required to approve appropriations each year for the Port sublease and if the Board fails to do so, AMB may offset lost revenues against the lease payments.

4. The Port issued a Request for Interest and Qualification on January 21, 1998 for development of Pier 1. According to Mr. Bennett, the Port received four responses to this Request from major national developers. One of the responders, La Salle-ORIX Joint Venture was deemed non-responsive because LaSalle did not include a required earnest money deposit. Attachment 2 provided by the Port identifies each of the remaining three firms which submitted proposals and provides a summary of each proposal, including AMB's proposal. As shown in Attachment 2, AMB Property Corporation had the highest (a) Projected Hard Construction Costs ($18,600,000) and (b) Projected Total Development Costs ($23,640,000), although Mr. Bennett reports that after an analysis of the costs was conducted by the Port, the estimated hard construction costs and total construction costs were found to be even higher than those proposed by any of the responders. As shown on Attachment 1, the current total estimated construction costs are $34,511,526 for the proposed office building at Pier 1, including $28,598,225 in hard costs. On May 26, 1998, the Port Commission selected AMB Property Corporation to enter into an Exclusive Right to Negotiate with the Port for this development project for Pier 1, based on the staffs recommendation, as shown in Attachment 3, which contains the reasons for selecting AMB.

5. On January 5, 1999, Pier 1 was placed on the National Register of Historic Places. Mr. Bennett

reports that having Pier 1 placed on the National Register of Historic Places provides (1) an expedited California Environmental Quality Act (CEQA) review of the proposed project, (2) an exemption from the Bay Conservation Development Commission's (BCDC) jurisdiction which could otherwise limit permitted uses on the pier, and (3) potential Preservation Tax Credits for the project. The Preservation Tax Credits would enable AMB to receive certification from the National Park Service that the construction, when completed, complies with the Secretary of Interior's Standards for Rehabilitation, making the proposed project eligible for a 20 percent Federal Historic Preservation Tax Credit. The Port will receive 50 percent of the benefits of these tax credits in the form of a credit against the construction costs applied to the formula used to calculate the minimum rent. As shown in Attachment 1, the Port would receive a credit of $3,031,608 for their portion of the credits.

6. The State Lands Commission has determined that the proposed project is in compliance with State Trust purposes, by preserving a maritime facility, providing office space for the Port, allowing public access and accommodating historic preservation of the Ferry Building.

7. Under the proposed lease, the Port on an emergency basis would reserve the right to berth vessels adjacent to Pier 1 without AMB's approval and on a non-emergency basis, with AMB's prior written consent, which could not be reasonably withheld, at no cost to the Port. According to Mr. Bennett, the Port's proposed lease with AMB excludes the berthing areas adjacent to the piers. Any berthing revenues from Pier 1 would accrue to the Port.

8. Although Mr. Bennett reports that Attachment 1 represents the Port's current projection of the costs and revenues, there are two conditions which could increase the costs for the Port, which are not reflected on this Attachment. The first factor is

whether the contractor uses up to a 15 percent contingency on the construction and design costs, which is valued at $4,289,734 (15 percent x $28,598,225), and which would reduce the minimum rent paid by AMB to the Port, depending on how much of the contingency is required. The second factor is whether the Port will receive the Historic Tax Credits valued at $3,031,608, which would further reduce the minimum rent to be paid by AMB to the Port by approximately $333,477 annually. If the entire 15 percent contingency is required by AMB, and the Port does not receive the tax credit, then the minimum projected annual rent payable by AMB to the Port of $1,782,859 would be reduced by $802,226 to $980,633 per year during the first five years.

Mr. Bennett provided documentation to show alternative financial scenarios for either or both of the above factors. This documentation shows that instead of a net rental payment due from the Port to AMB of $120,749 in the first five years of the lease and sublease, the Port could be liable for up to $922,974 per year in rental payments due to AMB for each of the first five years. As shown in Attachment 1, the Port is anticipated to receive $55,548 in net revenues in year 6. However, the alternative scenarios indicate that the Port would have to pay AMB net rentals of $746,677 in year 6, with decreasing net rental amounts up until year 21 of the proposed lease. After year 21, in all of the scenarios, the Port would receive a positive net revenue stream. Ms. Stephanie Downs of the Port reports that the source of rental payments during the initial years of the proposed lease and sublease would be the Port's Operating Revenues, which she currently projects will have a surplus of $2,027,709 in FY 2000-2001, when the sublease is anticipated to begin. Ms. Downs notes that the Port's FY 1998-99 budget includes $939,000 in operating surplus funds.

Over the 50-year term of the proposed lease and sublease, the Port is anticipated to receive between

$23.4 million and $63.5 million of net additional revenues, or an average of approximately $468,000 to $1,270,000 per year of additional income, depending on which scenario occurs. Mr. Bennett notes that AMB is guaranteeing the rent of at least $36.50 per square foot for the 57,790 square feet of space to be leased by the other office subtenants. According to Mr. Bennett, AMB is therefore assuming the entire leasing risk and the entire risk for construction and design costs above the 15 percent contingency.

9. The Budget Analyst notes that none of the above analysis conducted by the Port factored in the current annual revenue of $354,237 that the Port receives from the Pier 1 parking operations, that would be lost if the subject lease and sublease are approved. Over the 50-year term of the proposed lease and sublease, the current annual revenue of $354,237 is projected to generate a total of approximately $40 million, based on an annual inflation rate of three percent.

Therefore, subtracting the existing Pier 1 annual revenues from parking operations from the Port's calculations of projected future net additional revenues of between $23.4 million and $63.5 million over the 50-year lease term results instead in an overall loss to the Port of approximately $16.6 million on the low side to a positive revenue stream of $23.5 million on the high side.

Subsequent to this finding by the Budget Analyst and disclosure of these facts to the Port, Mr. Bennett advised the Budget Analyst that Pier 1 is not seismically safe, is currently deteriorating and is not likely to be continued for 50 years as a parking facility. However, Mr. Bennett could not provide an estimate of how long such parking operations could be maintained by the Port.

Based on an April 7, 1999 memorandum from Mr. Paul Osmundson, Deputy Director of the Port to the Finance and Labor Committee, Mr. Osmundson

states that "We believe that the $40 million estimate of the value of the parking revenue is too high. We agree that it is reasonable to assign some value to the parking, but not for the next fifty years. For planning purposes, 20 years would be a reasonable assumption. This adjustment would reduce the lost parking income resulting from the project to an estimated $9.5 million."

Furthermore, Mr. Osmundson writes that "The Port views the Ferry Building and Pier One as integrally related, since the relocation of the Port's offices from the Ferry Building are necessary in order to achieve the project." As reported above, the Port anticipates receiving an additional income of $23 million above the $1.4 million annually adjusted income from the Ferry Building project over the first 20 years of the project. Even if the Ferry Building is not developed, Mr. Osmundson reports that the Port's administrative office space could be leased for an additional rent of over $27 million over the next 20 years. Therefore, the Port estimates that under the most likely scenario, the two projects together, that is Pier 1 and the Ferry Building, would generate total net benefits of $59.5 million over the first 20 years.

While the Budget Analyst acknowledges this additional information, the Budget Analyst continues to question why the Port did not include the loss of parking revenues in their initial analysis and why it was only after the Budget Analyst raised this issue that the Port requested that the two projects of Pier 1 and the Ferry Building be considered together, when reviewing the financial impacts of these projects.

10. Mr. Bennett notes that the proposed development of Pier 1 would initially generate over $100,000 of new Possessory Interest Tax revenues for the City. Possessory Interest Taxes are a means for the City to collect Property Taxes on public property that is used for private purposes. Mr. Bennett reports that Possessory Interest Taxes are

currently paid by Port tenants to the City's General Fund that occupy Port property. However, under the proposed sublease, wherein the Port is the sublessee, the Port anticipates that it would be exempted from Possessory Interest Taxes, although the other tenants in the proposed Pier 1 development would be subject to such Possessory Interest Taxes.

11. The current zoning ordinance requires that a specified amount of parking be included in such developments. On February 16, 1999 the Planning Department granted a parking exemption to the proposed development project to enable the proposed Pier 1 project to be constructed with no parking facilities. Instead, Mr. Bennett reports that the Port is encouraging a Transit First policy. However, at the same time, the Budget Analyst notes that the City's General Fund would lose Parking Tax revenues of approximately $68,000 that are currently generated by the Pier 1 parking facility.

12. Mr. Neil Sekhri of the City Attorney's Office reports that both the City and the Port are adequately protected under the indemnity provisions included in the proposed lease and sublease.

13. The proposed sublease states that if the Board of Supervisors does not appropriate adequate funds for the Port's rent, AMB may offset its lost Port sublease revenues by reducing the amount paid to the Port in lease payments, subject to AMB's obligation to mitigate any damages by subletting this space.

14. On January 21, 1999, the Planning Department issued the Final Negative Declaration for the proposed development of Pier 1. This included mitigation measures regarding air quality, noise and cultural resources due to the proposed construction of Pier 1. In addition, in February of 1999 the Planning Department found that the

proposed project is consistent with the Eight Priority Policies of City Planning Code Section 101.1.

15. The Budget Analyst raises the following concerns about the proposed lease and sublease: (1) the Port would vacate currently rent-free premises in the Ferry Building in order to occupy space in the proposed Pier 1 development at an initial net cost of $120,749 to $922,974 per year, for at least the first five years; (2) the Port would increase its useable office space from 41,934 square feet in the Ferry Building to 45,630 square feet in the Pier 1 facility, an increase of 3,696 square feet, or 8.8 percent; (3) the proposed sublease allows for expansion of up to an additional 30,000 square feet, or an additional 66 percent increase in space, without Board of Supervisors' approval; (4) the proposed sublease would require that the Port pay for additional tenant improvements above the standard allowance of $32.50 per square foot, excluding architecture, engineering and general conditions at an additional cost of $67,000 per year over a 15-year period; (5) although the City's General Fund is projected to receive over $100,000 of Possessory Interest Taxes, the City would forfeit approximately $68,000 of Parking Tax revenues from the existing facility, (6) the proposed sublease states that if the Board of Supervisors does not appropriate adequate funds for the Port's rent, AMB may offset its lost Port sublease revenues by reducing the amount paid to the Port in lease payments, subject to AMB's obligation to mitigate its losses by subletting the space and (7) the Port would forfeit the current Pier 1 annual revenues of $354,237, or a projected total of approximately $40 million over the 50-year term of the lease and sublease.

As a result, the Budget Analyst notes that the Port could have a negative net cash flow of an estimated $16.6 million on the low side to a positive net cash flow of $23.5 million on the high side over the proposed 50-year term of the lease and sublease,

instead of the Port's reported positive net cash flow of between \$23.4 million to \$63.5 million over the 50-year term of the lease and sublease.

16. In summary, the proposed resolution would approve a 50-year lease and sublease with AMB Property Corporation for the construction and development of a new office building at Pier 1. Under the proposed sublease, the Port would pay AMB \$153,051 per month or \$1,836,608 per year, for the first five years. Including the enhanced tenant improvements for the Port, the Port's annual rental payments would increase by \$67,000 for the first 15 years, or a total of \$1,903,608 for the first five years. The Port's base rent would then increase by 18.5 percent to \$2,176,380 in year six, or a total of \$2,243,380 annually with the amortized tenant improvements, with subsequent future rental increases over the 50-year term. As noted above, the Port currently occupies the Ferry Building, rent-free. However, the Port is currently in exclusive negotiations with Wilson Cornerstone for a 65-year lease for seismic upgrading and complete renovations to the Ferry Building, which would require all tenants, including the Port, to vacate the premises during such renovations. The Ferry Building negotiations, which to date are not completed, are expected to continue to generate \$1.4 million per year of rental income to the Port, adjusted by the CPI, plus a 50/50 revenue sharing in future years.

Under the proposed lease between the Port and AMB, AMB would receive an annual return of 11 percent on their construction costs of \$34,511,526, or \$3,796,268 per year for the 50-year life of the lease. During the first five years, the Port would receive the balance from the annual rents received by AMB, less the required 11 percent return to AMB. This balance would vary from between \$980,633 to \$1,782,859, during the first five years, depending on whether AMB requires a 15 percent contingency on the construction and design costs and whether the Port receives the Historic Tax

Credits for this Pier 1 project. Overall, the Port could be liable to make rental payments to AMB of up to $922,974 for each of the first five years.

Beginning in year 6 of the proposed lease and sublease, the Port would begin to share on a 50/50 basis the increased rents above the initial projected minimum that AMB receives from the subtenants. Depending on construction cost contingencies and tax credit factors, this shared rental arrangement could result in a positive net cash flow for the Port beginning anywhere between year 6 and 21 of the 50-year lease. Overall, the total rental cost to the Port would be $222.4 million, or an average cost of $4.45 million annually over the 50-year period. At the same time, the total revenues to the Port would be between $245.9 million and $285.9 million over the 50-year period, such that the Port estimated that it would receive between $23.4 million on the low side to $63.5 million on the high side, more than the Port spends over the same 50-year period.

However, the Budget Analyst found that the Port had failed to take into consideration the fact that the Port currently receives annual revenues from parking operations of $354,237 from Pier 1. Subtracting these current annual revenues of $354,237 over the 50-year term of the lease and sublease results in a projected total loss of approximately $40 million of parking revenues to the Port. When considering this loss of revenues from the Port's parking operations, this results in a <u>negative cash flow</u> to the Port of an estimated $16.6 million on the low side to a positive net cash flow of $23.5 million on the high side over the 50-year term of the proposed lease and sublease, instead of the Port's previously reported <u>positive</u> revenue calculations of $23.4 million on the low side to $63.5 million on the high side.

In response, the Port states that (1) it is more reasonable to account for the loss of parking revenues for 20 years, rather than 50 years, and (2) the Ferry Building and Pier 1 development projects

are integrally related and should be considered together for financial purposes. Under the most likely scenario, the Port therefore estimates the two projects together will generate total net benefits of $59.5 million over the first 20 years.

While the Budget Analyst acknowledges this additional information, the Budget Analyst continues to question why the Port did not include the loss of parking revenues in their initial analysis and why it was only after the Budget Analyst raised this issue that the Port requested that the two projects of Pier 1 and the Ferry Building be considered together, when reviewing the financial impacts of these projects.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

ATTACHMENT 3
LEASE FOR PIER 1
BUDGET

CONSTRUCTION BUDGET:		
HARD COSTS		
Pier Substructure		$6,411,000
Core & Shell Construction		12,753,000
Tenant Improvements		5,386,000
General Conditions		1,970,000
		26,520,000
Bonds, Insurance, & City Taxes		928,000
Contractor's Overhead & Profit		961,000
Hard Costs Subtotal		28,409,000
Construction & Design Contingency *	None	0
Cost escalation for 1 Year	2.5%	710,225
		29,119,225
Less: Reimbursement of over standard tenant improvements	Standard @ $32.50 excluding A&E and general conditions	(521,000)
Total Hard Costs		28,598,225
SOFT COSTS		
Design & Construction Management Fees		4,163,000
Testing, Permits & Other Owner Costs		358,000
City Exactions		1,137,000
FF&E for Common Areas		250,000
Leasing Commissions	Other Maritime Space @ $10.00	577,910
Interest During Construction **		1,959,000
Legal & Accounting Fees **		400,000
Non-Refundable Deposit		100,000
Construction Period Ground Rent		0
Total Soft Costs		8,944,910
Construction Costs Subtotal		37,543,135
Less: Port's share of Historic Tax Credits	@ 95% x 20% x 85% x 50% ***	(3,031,608)
TOTAL CONSTRUCTION COSTS		$34,511,526

TENANT RENTAL INCOME (Triple Net) TO AMB:	Usable Sq. Ft.	Rentable Sq. Ft. @15% Load	Rent Per Sq. Ft.	Rent Year 1	Rent Year 6****
Port space	45,630	52,475	$35.00	$1,836,608	$2,176,380
Other office subtenants space	50,253	57,791	$36.50	2,109,370	2,499,603
Space occupied by Tenant (AMB)	34,280	39,422	$40.00	1,576,880	1,868,603
Subtotal: Office Space	130,163	149,687		5,522,857	6,544,586
Pier One Deli	1,631	1,876	$30.00	56,270	66,679
PROJECTED TOTAL RENTAL INCOME	131,794	151,563		$5,579,127	
TOTAL RENTAL INCOME				$5,579,127	$6,611,265
EXCESS RENTAL INCOME					$1,032,138

LEASE RENTAL ANALYSIS:		Rent Year 1	Rent Year 6****
Total Construction Costs		$34,511,526	
PROJECTED TOTAL RENTAL INCOME		5,579,127	
Less: Required Return to Tenant (AMB)	Total Construction Costs @ 11%	(3,796,268)	
MINIMUM RENT DUE PORT	Constant throughout Lease term	1,782,859	1,782,859
PARTICIPATION RENT DUE PORT	50% of Excess Rental Income		516,069
RENT DUE PORT	Shows Minimum and Participation Rent, but not Additional Rent	1,782,859	2,298,928
Less: Port Base Rent (Due under Port Sublease)		(1,836,608)	(2,176,380)
Less: Amortization of Port Tenant Improvements over Standard pursuant to Port Sublease	$10.50 (estimated) psf 180-month amortization @ 9%	(67,000)	(67,000)
NET Rent Due Port/(Due AMB)		($120,749)	$55,548

* Maximum Construction & Design Contingency equals fifteen percent (15%) of Hard Costs Subtotal.

** Excludes all points, fees, interest and other expenses regarding permanent take-out financing

*** Assumes that 20% Historic Tax Credits sold at 85% discount to third party and that 95% of costs eligible.

**** Year 6 represents an example for purposes of demonstrating Participation Rent calculation.

**SUMMARY OF RESPONSES TO
REQUEST FOR INTEREST AND QUALIFICATIONS
TO MASTER LEASE AND DEVELOP
PIER 1 FOR MARITIME-RELATED OFFICE USES**

		AMB PROPERTY CORPORATION	MARTIN GROUP/ NETWORK CONFERENCE HORNBLOWER	MEPT/ TRAMMELL CROW
A.	DEVELOPMENT ENTITY Master Tenant	AMB Property Corporation 100% AMB	Pacific Maritime Center, LLC 75% Martin Group 25% Network Conference Co., LLC. Hornblower Development Corp.	MEPT(Multi-Employer Property Trust) 100% MEPT
	Development Management	AMB Property Corporation	Martin Group	Trammell Crow
	Source of Financing	100% equity investment from AMB No Debt	50% Debt from institutional source 50% Equity from Institutional Sources (Not yet identified)	100% equity investment from MEPT No debt.
	Guarantor	AMB Property Corporation	Martin Group	MEPT
B.	DEVELOPMENT CONCEPT	70% Maritime Office 90,000 - 100,000 s f. office space (including 30,000 of AMB Property Corporation corporate headquarters and Port and other maritime offices and a casual dining restaurant)	Conference Center/Maritime Office 58,000 s f. Network Conference Center 40,000 s f. Port office 10,000 s.f. Hornblower 2,200 s.f. deli restaurant	70% maritime office 105,000 s.f. office space (including 35,000 - 40,000 s.f. Port, 10,000 s.f. Trammell Crow and 8,500 s.f. restaurant/retail)
		30,000 s f of parking	8,000 s f. parking	19,500 s f. parking
C.	PROJECTED DEVELOPMENT COSTS Developer//Development Management Fees	4%	4%	4.4%
	Other Development and Leasing Fees	$ 150,000	$ 663,000	$ 1,044,000
	Projected Hard Construction Costs	$18,600,000	$17,073,000	$16,884,000
	Projected Total Development Cost	$23,640,000	$23,361,784	$20,538,000 (excludes $4,150,000 prepaid lease pymt.)
D.	PROJECTED RENTS, EXPENSES AND NOI NNN Rent	$35	$37.34	$29 86
	Operating Expenses & Reserves	10	13.68	8.36
	NOI available for debt service, equity return and ground lease payment	$25	$23 66	$21.50

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RECOMMENDATION

Based on the criteria established in the RFI&Q, the Port's project objectives and the responses of the respondents, Port staff recommends that the Port Commission award AMB Property Corporation the opportunity of exclusive negotiation on the master lease and development of Pier 1. The following factors highlight the basis for the staff's recommendation:

- AMB's proposal for public access responds better to the Waterfront Plan's public access guidelines and to the Port's public access objective, as described in the RFP, due to the proposal to provide access around the pier and an expanded deck on the south side of the pier which connects to Herb Caen Way.

- AMB's proposal better responds to the Port's objectives for long term stable occupancies as described in the RFI&Q, due to AMB's proposed occupancy of a significant portion of Pier 1.

- AMB's economic proposal provides a much greater opportunity to participate in positive financial gains of the project, both during negotiations as well as over the term of the lease.

- AMB's formula approach to setting the ground rental provides for more flexibility during the Exclusive Negotiation Period for the Port to balance the initial ground rental against other Port goals, including the size and scope of the Port's office space and tenant improvements, and the size and quality of public access improvements.

- AMB requested a shorter lease term (50 years) than did Trammell Crow (66 years). The AMB proposal enables the Port to own the improvements sooner, which is an advantage to the Port.

Prepared by: Paul Osmundson, Director, Planning & Development

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Item 2 – File 99-0509

Note: This item was continued by the Finance and Labor Committee at its meeting of April 7, 1999.

Department: Public Utilities Commission (PUC)
Water Department

Item: Resolution declaring Parcels 16 and 16A of the Bernal Property to be surplus; authorizing the General Manager of the Public Utilities Commission to execute a purchase and sale agreement to transfer Parcels 16 and 16A to the Pleasanton Unified School District; and adopting findings pursuant to the California Environmental Quality Act (CEQA).

Description: The Bernal Property is approximately 510 acres of unimproved land, owned by the City's Water Department under the jurisdiction of the PUC. The property is located primarily in an unincorporated area of Alameda County, immediately adjacent to the City of Pleasanton.

The proposed resolution would declare that Parcels 16 and 16A, which consist of approximately 11.2 acres of land, or 2.2 percent of the total of 510 acres of the Bernal Property, are surplus to the needs of the Water Department. Parcels 16 and 16A are located at the intersection of Case Avenue and Junipero Street, within the Bernal Property adjacent to the City of Pleasanton.

The proposed resolution would also adopt findings pursuant to CEQA and would authorize the General Manager of the PUC to sell this surplus property to the Pleasanton Unified School District for the construction of a public elementary school.

Under the proposed purchase and sale agreement between the PUC and the Pleasanton Unified School District, the purchase price for the proposed 11.2 acre parcel would be $6.4 million, or approximately $571,429 per acre. However, according to the purchase and sale agreement, the Pleasanton Unified School District would pay the City only $3.0 million of the purchase price in cash, at the time of the closing on the property. The

balance, or \$3.4 million of the total purchase price of \$6.4 million, would be allocated as a credit toward school developer fees which would otherwise have to be paid by the PUC as the owner of the Bernal Property when the development commences. School developer fees are one of the various developer fees (e.g., affordable housing fees, park development fees, etc.) that are required to be paid by the owner and/or developer of the property to the City of Pleasanton, prior to the issuance of a building permit.

According to Mr. Rick Nelson, the PUC's Project Manager for the Bernal Property, the Bernal Property will be subject to a total of approximately \$18.2 million of school developer fees to be paid by the owner and/or developer of the Bernal Property, based on the estimated square footage of the residential units proposed to be developed on the Bernal Property. The proposed \$3.4 million school developer fee credit would reduce the estimated \$18.2 million of school developer fees to \$14.8 million that the owner and/or developer of the Bernal Property Development Project would be subject to paying. Under specified conditions, these \$3.4 million of school developer fees credits the City would receive under the proposed purchase and sale agreement, can be sold by the City and effectively transferred to the next owner of the property, if the City ultimately sells the Bernal Property.

In addition, the proposed purchase and sale agreement states that the purchase price can be further adjusted if all of the following three conditions are met: (1) on or before July 1, 1999, the Pleasanton City Council votes to approve the Bernal Property project on the remaining 498.8 acres (510 acres less the subject parcels totalling 11.2 acres); (2) the Pleasanton City Council's approval of the Bernal Property Development Project becomes final and effective and is not subject to further legal challenge by January 1, 2000; and (3) any referendum or initiative vote by the Pleasanton electorate on the Bernal Property

Development Project occurs at the November, 1999 election and is positive regarding the approval of the proposed Bernal Property Development Project. Although Mr. Nelson could not provide the Budget Analyst with any assurances that these three conditions would be met, if these conditions are not met, then the City would still receive $3 million in cash as well as the school developer fee credits of $3.4 million.

Mr. Nelson reports that it is "extremely likely" that the Bernal Property Development Project will be subject to a referendum or initiative vote by the Pleasanton electorate. In fact, Mr. Nelson forwarded to the Budget Analyst's Office a copy of the text of the Pleasanton Initiative being circulated by the Pleasanton Citizens Alliance for Public Planning. Mr. Nelson acknowledges that there are no guarantees that this citizens' group will be successful in either obtaining the necessary number of signatures for the ballot or attaining a positive vote on the issue.

However, Mr. Nelson notes that the last two development projects approved by the Pleasanton City Council were subject to a referendum vote by the electorate, and both of these development projects were significantly smaller (i.e., one project included 300 units and one project included 90 units) than the proposed Bernal Property development project. However, the decision by the electorate on any future project is uncertain.

If all of these three conditions are met, then (1) the City would still receive the $3.0 million cash when the subject property for the 11.2 acres closes escrow; (2) the above-noted school developer fee credit of $3.4 million from the Pleasanton School District to the City of San Francisco would be eliminated, such that the City of San Francisco would not receive any school developer fee credits; and (3) the City of San Francisco would pay $2.0 million to a Pleasanton Unified School District designated endowment, trust, foundation or other non-profit educational organization, by April 29,

2000. Under this scenario, the PUC would only receive a total of $1.0 million ($3.0 million at the close of escrow less $2.0 million paid to a designated educational non-profit organization by April 29, 2000) out of the purchase price of $6.4 million, or $5.4 million less than the purchase price for the sale of this property to the Pleasanton School District.

Mr. Nelson reports that the proposed $5.4 million downward adjustment (loss of $3.4 million in school developer fee credits plus $2 million to be paid by the City of San Francisco to a non-profit educational organization) from the $6.4 million purchase price of the 11.2 acre parcel is being proposed to build community support in Pleasanton for this project. According to Mr. Nelson, this is not untypical of the concessions many development projects make in order to gain political and public favor. Mr. Nelson notes that because school overcrowding has become such a public concern in Pleasanton, the proposed purchase price reduction is being offered as an incentive for the Pleasanton City Council to take an approval action on the remaining 498.8 acres of the Bernal Property Development Project by July 1, 1999 and to build community support for the project in the event the project approvals are put to public vote.

Comments:

1. Mr. Nelson advises that the PUC has been working with Alameda County since 1994 and the City of Pleasanton since approximately 1986 or over 13 years to obtain development rights (known as land use entitlements) to build a mixed-use development on the 510 acres of the Bernal Property. Mr. Nelson reports that the planned mixed-use Bernal Property Development Project currently being negotiated with the Pleasanton City Council, which has still not approved the Project, would consist of up to 1,900 residential housing units, 750,000 square feet of commercial office space, an 18-hole public golf course, 40 acres of parks and an elementary school which would be

annexed into the City of Pleasanton, if all the contemplated development approvals are obtained.

According to Mr. Nelson, to date, the PUC has secured a development agreement and zoning reclassification for the development of the Bernal Property from Alameda County. However, Mr. Nelson reports that the Bernal Property Development Project, under the County's jurisdiction, still requires many additional approvals and permits (e.g., wastewater treatment and disposal facilities, water supply system, etc.) before the Bernal Property could be developed. Mr. Nelson cautions that the PUC's ability to obtain these subsequent permits and approvals is uncertain and it will take considerable time and money to secure these approvals. In addition, Mr. Nelson notes that the City of Pleasanton will likely pursue legal action over Alameda County's approvals of the Bernal Property Development Project, which would delay and could possibly overturn these County approvals.

2. However, Mr. Nelson reports, as previously noted, that San Francisco still has not yet reached final agreement with the City of Pleasanton for the Bernal Property Development Project. As noted above, the PUC contacts with the City of Pleasanton began in approximately 1986, or over 13 years ago.

According to Mr. Nelson, to date, San Francisco has applied to the City of Pleasanton for land use entitlements for the Bernal Property, which includes a pre-annexation development agreement, specific plan, environmental impact report and other land use certifications, agreements and approvals for the development of the Bernal Property. Mr. Nelson advises that these applications by San Francisco for both Alameda County and the City of Pleasanton provide for an elementary school site on Parcels 16 and 16A. However, Mr. Nelson notes that San Francisco did not anticipate the sale of the subject Parcels 16 and 16A prior to the overall development of the rest of

the 498.8 acres of the Bernal Property Development Project.

3. According to Mr. Nelson, the immediate need for the Pleasanton public elementary school is in response to the State's recent policy of encouraging only 20 students per class, which has resulted in elementary school overcrowding in Pleasanton. The proposed elementary school on Parcels 16 and 16A is scheduled to open in September of 2000, or in approximately 18 months. Mr. Nelson advises that if the City does not sell the proposed parcels to the School District, the Pleasanton School District has threatened to condemn Parcels 16 and 16A, and to use eminent domain powers to take the subject property. The Budget Analyst notes that although the State may be encouraging only 20 students per class in elementary school classes through financial incentives to local school districts, the State has not imposed any requirements for such reduced class size on local school districts nor does the State require the construction of this new school.

4. The Pleasanton Unified School District issued a negative declaration for the acquisition and construction of the proposed Bernal Property Elementary School under the requirements of the California Environmental Quality Act (CEQA). On March 2, 1999, the PUC passed a resolution adopting these CEQA findings and the proposed resolution would also adopt similar findings pursuant to CEQA.

5. In August of 1998, the San Francisco Board of Supervisors approved a resolution (File 98-1254) authorizing the PUC to prepare and solicit invitations to bid and/or hold a public auction for the sale of the Bernal Property. At the time, the PUC indicated that the City could proceed to either sell the property outright or partner with a private developer and share in the risk and profits. As a result, Mr. Nelson reports that the PUC issued a request for quotations (RFQ) in November of 1998 to seek interested parties to bid on the purchase of the Bernal Property. According to Mr. Nelson, in

January of 1999, the PUC qualified 12 bidders based on their financial status, development experience and other factors. Mr. Nelson advises that if and when the City of Pleasanton gives their final approval for the proposed project, the PUC intends to proceed with the selection of a purchaser/developer for the remaining 498.8 acres of the Bernal Property.

6. According to Mr. Nelson, the PUC intends to sell the remaining 498.8 acres of property outright, rather than having the City involved in the development of the Bernal Property. Therefore, San Francisco would receive a lump sum payment for the sale of the property rather than receiving a future long-term revenue stream. Mr. Nelson could not provide the Budget Analyst with an estimate as to the fair market value which such a sale would generate.

In a June, 1994 management audit report of the Water Department, the Budget Analyst reported with regard to the subject property that the real estate development project was "...estimated to have a long term net revenue benefit to the City of $319 million." However, Mr. Nelson cautions that this estimate was based upon a financial subconsultant's report which rested on a number of assumptions, such as assuming a more conceptual project that is considerably different than the project currently under consideration and assuming that the City would be the sole developer of the property. According to Mr. Nelson, since these assumptions are no longer applicable, the estimates may not have any relevance to today's market. However, Mr. Nelson could not provide the Budget Analyst with the estimated current value of the long-term net revenue benefit to the City, if the City were directly involved in the development of the project, instead of just selling the property outright.

According to Mr. Nelson, the reason for forgoing a future long-term revenue stream and selling the property outright is because it was determined by

the PUC that (1) the City would have to incur additional risk to develop this property, (2) the City's track record thus far on this project has not been smooth or easy and (3) the City would not be able to move quickly enough, given the numerous approvals from the PUC, Board of Supervisors and Mayor, that would be required at each step, to undertake such a significant development project, as the Bernal Property Development Project. The final decision on whether to sell or develop the property will be subject to the Board of Supervisors approval.

7. As discussed above, the Bernal Property is currently located in the unincorporated area of Alameda County and the City has received the necessary development approvals from Alameda County. But, Mr. Nelson notes that the developer would need to provide all necessary fire service, water, sewer and other infrastructure improvements to the site, if the project remains in the unincorporated part of Alameda County. However, since the property is adjacent to the City of Pleasanton, Mr. Nelson notes that the property's infrastructure could be integrated with the City of Pleasanton's systems, if the project is approved by the City of Pleasanton, and the Bernal Property subsequently annexed by the City of Pleasanton, with much less risk to the developer.

According to Mr. Nelson, although the PUC still intends to sell the remaining 498.8 acres of property outright, the PUC is proceeding with efforts to secure these final development approvals from the City of Pleasanton for the proposed development project, rather than selling the property without such approvals, due to the increased potential sale value of the property to the developer if such approvals were obtained prior to the property being sold by the City. However, as previously noted, Mr. Nelson advises that a current appraisal of the potential sale value of the entire Bernal Property is not available at this time. Furthermore, Mr. Nelson cannot estimate what the

current value to the property would be with such approvals.

8. A valuation of the subject 11.2 acre parcel by Keyser Marston Associates, Inc. for the PUC, indicates the fair market value of the property is $6,580,000. As indicated above, the proposed purchase price of the property would be $6.4 million, or $180,000 less than the appraised fair market value.

As previously noted, only $3.0 million of the $6.4 million purchase price would be received in cash, with the $3.4 million balance in school developer fee credits. Because the school developer fee credits would need to be discounted to induce developers to purchase such credits, the Keyser Marston Associates, Inc. valuation report indicates that the actual cash value of the $3.4 million of school developer credits is approximately 80 percent, or $2.7 million. Therefore, the total cash value of the $6.4 purchase price would actually be $5.7 million ($3 million cash plus $2.7 million value of school developer fee credits), which is $880,000 less than the estimated $6,580,000 fair market value of the property.

9. Although the valuation indicated that the fair market value of this property is $6,580,000, Mr. Nelson indicates that the proposed purchase price of $6.4 million, or at a discounted rate of $5.7 million is reasonable for the PUC to sell the subject 11.2 acre parcel to the Pleasanton School District because (1) it is still a good value for this property, (2) if the Pleasanton School District pursues an eminent domain action to take this 11.2 acre parcel, it is unclear how much the City would ultimately receive for the property, and (3) if the Pleasanton School District pursues an eminent domain action to take this 11.2 acre parcel, the other provisions included in the proposed purchase agreement would be voided.

Some of the major provisions included in the proposed purchase agreement (1) protect the

remaining 498.8 acres of the Bernal Property from a possible forced annexation by the City of Pleasanton by requiring that the Pleasanton School District to vote its property valuation in the elementary school site as directed by the City of San Francisco, (2) ensure the cooperation by the Pleasanton Unified School District on subsequent City of Pleasanton and Alameda County approvals and (3) require the Pleasanton School District to serve students generated by the Bernal Property development, regardless of whether the City of Pleasanton approvals are received. However, the Budget Analyst notes that ensuring the cooperation of the Pleasanton Unified School District cannot be certain as individuals can change and the same individuals can change their position. However, Mr. Nelson reports that these provisions are contained in the proposed purchase and sale agreement to be entered into between the PUC and the Pleasanton Unified School District and if the Pleasanton Unified School District does not live up to these contractual obligations, the PUC could sue the District for breach of contract.

10. As discussed above, the purchase price of $6.4 million would be adjusted downward to a total of $1 million (loss of $3.4 million in school developer fee credits plus $2 million to be paid by the City of San Francisco to a non-profit educational organization) if three specific conditions are met by the Pleasanton City Council and the Pleasanton electorate regarding approval of the Bernal Property Development Project. However, Mr. Nelson notes that the payment to the non-profit educational organization is to be paid 120 days after the final and effective project approvals are obtained for the remaining 498.8 acre project from the City of Pleasanton. Mr. Nelson reports that once such final and effective project approvals are obtained, the PUC intends to seek approval from the PUC and the Board of Supervisors for sale of the Bernal Property. Therefore, according to Mr. Nelson, it is "unlikely" that San Francisco itself will be required to make the $2 million additional payment to the non-profit, but rather this

responsibility will be assumed by the new owner of the Bernal Property. Yet at the same time, that Mr. Nelson states it is "unlikely" San Francisco will have to pay the $2 million, this subject agreement requires the City to pay the $2 million to the non-profit organization. Furthermore, Mr. Nelson cannot guarantee that the new owner of the project will make such payments.

11. When queried by the Budget Analyst, Mr. Nelson responds that there is no assurance or guarantee, if the proposed resolution is approved, and the 11.2 acre parcel is sold to the Pleasanton School District, that the City of Pleasanton will grant the final approvals for the Bernal Property development project. However, Mr. Nelson notes that the City of Pleasanton began a series of public hearings on the Bernal Property development project on March 30, 1999, that are expected to result in a Pleasanton City Council vote on the project in June of 1999, in accordance with a Pleasanton City staff report.

12. Mr. Andy Moran of the PUC reports that the funds received by the PUC from the sale of the proposed 11.2 acre parcel would accrue to the Water Department's Enterprise Fund. According to Mr. Carlos Jacobo of the PUC, if and when the subject 11.2 acre parcel is sold to the Pleasanton School District and the Water Department receives such revenues, the PUC will request the necessary appropriation approvals from the Board of Supervisors to expend such additional revenues. In addition, Mr. Moran reports that the monies received from the eventual sale from the remaining 498.8 acres of the Bernal Property would also be deposited in the Water Department's Enterprise Fund. According to Mr. Steven Carmichael of the PUC, these funds may be used for the construction of a City office building at 525 Golden Gate for the PUC and other City departments, which is currently estimated to cost approximately $75 million.

13. The Budget Analyst notes that in accordance with Charter Section 16.103, receipts from the Water Department must be maintained in a separate enterprise fund for the Water Department. This Charter Section also identifies how, and in what specified order, appropriations from these Water Department funds must be made. In addition, this Charter Section states that if at the end of any fiscal year, or as part of the budgeting process, the Controller certifies or estimates that excess surplus funds of the Water Department exist, then such excess surplus funds may be transferred by the Board of Supervisors to the City's General Fund.

14. As shown in the Attachment provided by the PUC, from approximately June of 1988 through March of 1999, the PUC has spent $6,823,058 on this Bernal Property development project. In addition, as shown in the Attachment, the PUC estimates that they will incur approximately an additional $200,000 to complete this project, for a total estimated City cost of $7,023,058. Of this total, approximately $4,040,058 was spent for the primary consultant, The Planning Collaborative, to assist on this project. Mr. Jacobo reports that Water Department revenues were used to pay for these expenses. As previously noted, to date, the City has obtained initial development approvals from Alameda County for the Bernal Property development project but, approval by the City of Pleasanton has still not been reached.

15. The Budget Analyst requested Mr. Nelson to provide a memorandum explaining the reasons, in writing, why this proposed resolution should be approved. While Mr. Nelson was cooperative with the Budget Analyst and provided detailed documentation, Mr. Nelson declined to provide the Budget Analyst with a memorandum explaining the reasons for approving this resolution.

Recommendation: In total, the Public Utilities Commission has expended over $6.8 million on the Bernal Property Development Project and to date, with the

exception of obtaining residential and commercial rezoning of the project from Alameda County, has secured no guarantees that such expenditures will result in future economic benefits for the City. The Budget Analyst cannot recommend approval of the proposed resolution for the following reasons:

- A valuation of the subject 11.2 acre parcel indicates a fair market value of $6,580,000. However, the PUC proposes to grant concessions to the Pleasanton School District by selling the property for $6.4 million, including $3.0 million in cash and $3.4 million in school developer fee credits. However, the PUC's consultant notes that the discounted value of the $3.4 million in school developer fee credits, if sold by the PUC, would be $2.7 million. Therefore, the sale of the property for, in effect, $5.7 million ($3.0 million in cash and a market value of $2.7 million in school developer fee credits) is $880,000 less than the fair market value of $6,580,000.

- Further, the purchase price of $6.4 million would be adjusted downward to a total of $1 million (loss of $3.4 million in school developer fee credits plus $2 million to be paid by the City of San Francisco to a non-profit educational organization to be designated by the Pleasanton Unified School District) if three specific conditions are met by the Pleasanton City Council and the Pleasanton electorate regarding approval of the Bernal Property Development Project.

- There is no assurance or guarantee, if the proposed resolution is approved, and the 11.2 acre parcel is sold to the Pleasanton School District, that the City of Pleasanton, which the San Francisco has been negotiating with over 13 years, since 1986, will grant the final approvals for the remaining 498.8 acres of the Bernal Property Development Project as requested by San Francisco.

Attachment

Bernal Property
Expenditure Authorizations
As of 3/99

Consultants		Authorized
1. The Planning Collaborative Prime consultant land planning, engineering, environmental & economic professional services) (6/88 to present- approx. $35M remaining)		$4,040,058
2. Wendel, Rosen, Black & Dean Real estate negotiations & Property Disposition (9/97 to present approx. $285M unspent)		$600,000
	Subtotal	4,640,058
City Attorney		
1. Costs incurred thru FY 98/99		$1,480,000
Project Manager		
1. Pre 1995		$138,000
2. 1995 to Present		$340,000
	Subtotal	$478,000
Alameda County		
1. Development Application Processing Costs		$225,000
	Subtotal	$6,823,058
Estimated to Complete		$200,000
	Total	7,023,058

TOTAL P.03

Item 3 - File 99-0328

Department: Department of Administrative Services (DAS)

Item: Hearing transmitting communications from the Department of Administrative Services regarding the Annual Joint Fundraising Drive.

Description: Section 16.93-3 of the Administrative Code requires the Department of Administrative Services (a) to review all applications from charitable organizations which request to participate in the City's Annual Joint Fundraising Drive, and (b) to recommend to the Board of Supervisors charitable organizations which qualify to participate in the City's Annual Joint Fundraising Drive in accordance with criteria set forth in Section 16.93-2 of the Administrative Code.

In this subject communication, the Department of Administrative Services reports that it has reviewed the applications from nine charitable organizations that have applied to participate in the City's 1999 Annual Joint Fundraising Drive in accordance with the criteria delineated in Section 16.93-2 of the Administrative Code. The Department of Administrative Services reports that all nine charitable organizations comply with the Section 16.93-2 criteria and recommends that all nine organizations be approved to participate in the City's 1999 Annual Joint Fundraising Drive. The summary of findings reported by the Department of Administrative Services is contained in the Attachment to this report.

Section 16.93-4 of the Administrative Code also requires the Board of Supervisors to designate, by resolution, prior to May 1, 1999, those agencies that qualify to participate in the 1999 Annual Joint Fundraising Drive. The nine charitable organizations that have applied and been recommended by the Department of Administrative Services to participate in the City's 1999 Annual Joint Fundraising Drive are as follows:

Bay Area Black United Fund, Inc.
Combined Health Appeal of California
Earth Share of California
Local Independent Charities
International Service Agencies
Mayor's Homeless Fund

San Francisco Youth Fund
Mayor's Youth Employment for the Summer Fund
United Way of the Bay Area

Comments:

1. Section 16.93-1 of the San Francisco Administrative Code states that deductions from employee pay warrants for charitable organizations shall only be withheld based upon authorizations made by employees in the Annual Joint Fundraising Drive.

2. According to Ms. Jill Lerner of the Department of Administrative Services, with the exception of the International Services Agencies, all of the organizations listed above participated in the 1998 Annual Joint Fundraising Drive. Ms. Lerner advises that one other organization, namely The Progressive Way, participated in the 1998 Annual Joint Fundraising Drive, but did not apply for participation in the 1999 Annual Joint Fundraising Drive.

Recommendation: Prepare in and report out a resolution designating the nine qualifying charitable organizations, as recommended by the Department of Administrative Services, to participate in the City's 1999 Annual Joint Fundraising Drive.

SUMMARY OF FINDINGS

1999 Review of Applications
To Participate in Annual Fundraising Drive

SUMMARY OF METHODOLOGY AND FINDINGS

Our review consisted of an examination of the materials provided in File 99-0328 and telephone conversations with representatives from applicant organizations. We were advised by Deputy City Attorney Ted Lakey that telephone inquiries were appropriate to clarify information supplied by the applicants. This is the same method we have used in past years to prepare this report to the Board of Supervisors.

All eight organizations that applied for participation in the 1999 Joint Fundraising Drive were in compliance with the criteria established by the Board of Supervisors as delineated in the Administrative Code.

CRITERIA

Following is a list of the criteria established by the Board of Supervisors and information as to how the applicants met each requirement. New legislation enacted in 1997 includes in the annual joint fund-raising drive any Mayor's fund which is created to further social causes. Under Administrative Code Section 16.93-2, only subsections (b), (c) and (e) apply to the Mayor's funds. All other agencies must satisfy subsections (a) through (e).

Criterion A: Be a federated agency representing ten (10) or more charitable organizations of which 50 percent shall represent organizations located in the counties of San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa and Marin.

According to the City Attorney, "located in the counties" may be defined as having offices, fundraising or otherwise doing business in those counties.

1. Bay Area Black United Fund, Inc.

   Bay Area Black United Fund, Inc. represents over 25 organizations, all of which are located in the Bay Area.

2. Combined Health Appeal

   Combined Health Appeal represents 37 national health organizations of which 50 percent or more are located in the Bay Area.

3. Earth Share of California (Environmental Federation of California)

   Earth Share of California represents 87 organizations of which 50 percent or more are located in the Bay Area.

4. Local Independent Charities (LIC)

   Local Independent Charities represents over 150 organizations of which 50 percent or more are located in the Bay Area.

5. International Service Agencies (ISA)

   International Service Agencies represents more than 40 charities of which 50 percent or more are located in the Bay Area.

Criterion B: The federated agency or Mayor's fund must certify to the Board of Supervisors that the Federal Internal Revenue Service has determined that contributions to all of the represented charitable organizations or Mayor's funds are tax deductible.

Based on consultation in years past with the City Attorney, we have concluded that all the applicants complied with this requirement.

Criterion C: The federated agency must have been in existence with 10 or more qualified charities for at least one year prior to the date of application and provide satisfactory evidence to that effect at the time of filing an application with the Board. Mayor's funds shall submit their most recent financial statement to the Board of Supervisors on an annual basis.

This criterion was met by all agencies.

Criterion D: The federated agency must submit its most recent certified audit at the time of filing an application with the Board.

All agencies provided these documents, as detailed below:

1. Bay Area Black United Fund, Inc. provided financial statements dated December 31, 1997 with an accompanying Independent Auditor's Report by Marrecio Coleman, CPA, dated May 26, 1998.

2. Combined Health Appeal of California provided financial statements for the year ended June 30, 1998 with the Independent Auditors' Report prepared by Rooney, Ida, Nolt and Ahern, CPAs, dated July 31, 1998.

3. Earth Share of California provided financial statements for the three months ended September 30, 1997 and for the year ended June 30, 1996; a Report of Independent Auditors dated December 9, 1997 by Bregante & Company, LLP.

4. International Service Agencies provided financial statements dated June 30, 1998 and 1997 along with the Independent Auditor's Report by Lang & Associates dated August 14, 1998.

5. Local Independent Charities provided financial statements for the year ended April 30, 1998 along with the Independent Auditors' Report by Maze & Associates Accountancy Corporation dated September 15, 1998.

6. Mayor's Homeless Fund, created by ordinance (Administrative Code Section 10.117-33), provided a Statement of Balance dated March 9, 1999.

7. The San Francisco Youth Fund provided a Statement of Activities for the Year Ended September 30, 1997.

8. Mayor's Youth Employment for the Summer Fund (YES) is served by the Private Industry Council ("PIC") as its fiscal agent. The PIC submitted audited financial statements for the two year period ended June 30, 1997 with an Independent Auditor's Report by Izabal, Bernaciak & Company dated June 26, 1998.

Criterion E: <u>Agencies that wish to participate in the Annual Drive are required to submit applications to the Board of Supervisors that include all information that may be relevant to the criteria listed in the Section.</u>

As stated earlier in this report, the City Attorney advised that the applications may be considered complete although clarification may have been necessary to conduct this review.

All applicants provided documentation in their letters of application to the Board of Supervisors or confirmed by telephone that they are in compliance with the requirements of Section 16.93-2 which constitutes "certification."

Therefore, all applicants were in compliance with Criterion E.

SUMMARY OF FINDINGS

1999 Review of Applications
To Participate in Annual Fundraising Drive

SUMMARY OF METHODOLOGY AND FINDINGS

Our review consisted of an examination of the materials provided in File 99-0328 and telephone conversations with representatives from the applicant organization. We were advised by Deputy City Attorney Ted Lakey that telephone inquiries were appropriate to clarify information supplied by the applicants. This is the same method we have used in past years to prepare this report to the Board of Supervisors.

Along with the other eight organizations that applied for participation in the 1999 Joint Fundraising Drive, the United Way of the Bay Area was in compliance with the criteria established by the Board of Supervisors as delineated in the Administrative Code.

CRITERIA

Following is a list of the criteria established by the Board of Supervisors and information as to how the applicant met each requirement.

Criterion A: Be a federated agency representing ten (10) or more charitable organizations of which 50 percent shall represent organizations located in the counties of San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa and Marin.

According to the City Attorney, "located in the counties" may be defined as having offices, fundraising or otherwise doing business in those counties.

United Way of the Bay Area represents 1500 organizations of which 50 percent or more are located in the Bay Area

Criterion B: The federated agency or Mayor's fund must certify to the Board of Supervisors that the Federal Internal Revenue Service has determined that contributions to all of the represented charitable organizations or Mayor's funds are tax deductible.

Based on consultation in years past with the City Attorney, we have concluded that the United Way of the Bay Area has complied with this requirement.

Criterion C: The federated agency must have been in existence with 10 or more

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qualified charities for at least one year prior to the date of application and provide satisfactory evidence to that effect at the time of filing an application with the Board. Mayor's funds shall submit their most recent financial statement to the Board of Supervisors on an annual basis.

This criterion was met by the United Way of the Bay Area.

Criterion D: The federated agency must submit its most recent certified audit at the time of filing an application with the Board.

The United Way of the Bay Area submitted Financial Statements and Independent Auditors' Report dated June 30, 1998.

Criterion E: Agencies that wish to participate in the Annual Drive are required to submit applications to the Board of Supervisors that include all information that may be relevant to the criteria listed in the Section.

As earlier reported the City Attorney advised that the applications may be considered complete although clarification may have been necessary to conduct this review.

As with the other applicants, the United Way of the Bay Area provided documentation in its letter of application to the Board of Supervisors or confirmed by telephone that it is in compliance with the requirements of Section 16.93-2 which constitutes "certification."

Therefore, the United Way of the Bay Area was in compliance with Criterion E.

Item 4 – 99-0531

Department: Civil Service Commission
Department of Human Services (DHR)

Item: Resolution fixing the highest general prevailing rate of wages which private employers are required to pay various craft workers and other laborer positions performing labor under City construction contracts.

Description: The proposed resolution would fix and determine that the highest general prevailing rate of wages[1] which private employers are required to pay various craft workers performing labor under City construction contracts as contained in (a) the General Prevailing Wage Determination Survey conducted by the Director of Industrial Relations of the State of California for all craft workers except Garage Attendants and (b) the agreement between Parking Employers and Teamsters Automotive Employees, Local 665 for Garage Attendants.

Section 7.204 of the City's Charter requires that City contracts for public works or improvements involving construction or fabrication shall provide for the payment of the highest general prevailing wage rates to all persons performing labor under such contracts.

Section 6.37 of the Administrative Code gives authority to the Board of Supervisors to fix and determine the highest general prevailing wage rates. To assist the Board of Supervisors in determination of these wage rates, the Civil Service Commission is required to furnish to the Board of Supervisors, on an annual basis, data as to the highest general prevailing rate of wages as paid by private employers to various craft workers in San Francisco. In determining prevailing wage rates, the Board of Supervisors is not limited to the data submitted by the Civil Service Commission but may consider such other information on the subject as it may deem proper.

The Civil Service Commission determined that the General Prevailing Wage Determination Survey

[1] A prevailing rate of wage is the rate of compensation being paid to a majority of workers engaged in specified category of craft or labor.

conducted by the Director of Industrial Relations of the State of California contains the data as to the highest general prevailing rate of wages for various craft workers except for Garage Attendants, such as those operating and maintaining City-owned parking lots and garages. Because the State's General Prevailing Wage Determination Survey does not include any data for Garage Attendants, the Civil Service Commission used the agreement between Parking Employers and the Teamsters Automotive Employees, Local 665 as the benchmark for the highest general prevailing wage rate for Garage Attendants. According to the current five-year agreement for the period beginning December 1, 1995 through November 30, 2000, the highest hourly rate for Garage Attendants was $14.25 per hour as of December 1, 1998.

Comments:

1. A copy of the data, submitted to the Board of Supervisors by the Civil Service Commission on March 18, 1999, as to the highest general prevailing rate of wages paid by private employers to various craft workers in San Francisco is on file with the Clerk of the Board of Supervisors.

2. Ms. Marie McKechnie, Deputy Clerk of the Board of Supervisors, states that the Civil Service Commission has provided the Board of Supervisors, on an annual basis, data as to the highest general prevailing wage rates. However, according to Ms. McKechnie, the Civil Service Commission has not filed legislation accompanying the prevailing wage rate data for Board of Supervisors approval since 1994. As a result, since 1994, the Board of Supervisors has not approved legislation fixing the highest general prevailing rate of wages which private employers are required to pay various craft workers performing labor under City construction contracts.

Recommendation: Approve the proposed resolution.

Item 5 – File 99-0404

Department: Department of Public Health (DPH)
Community Mental Health Services (CMHS)

Item: Supplemental appropriation ordinance in the amount of $1,365,293 from the General Fund Reserve for Professional Services and Materials and Supplies to provide increased mental health services.

Amount: $1,365,293

Source of Funds: General Fund Reserve

Budget:

Professional Services	$806,941
Materials and Supplies	558,352
Total	$1,365,293

Description: Between 1994 and 1998, the Community Mental Health Services (CMHS) Division of the Department of Public Health (DPH) developed and implemented a managed mental health care system in San Francisco. Prior to the implementation of this system, access to mental health services was limited to only the most chronically mentally ill. According to Ms. Louise Rogers of CMHS, by limiting access to this narrow target population, CMHS was able to provide some mental health services to both Medi-Cal beneficiaries and uninsured individuals ineligible for Medi-Cal. Under the new managed care system, CMHS was required by the State to expand services and access beyond the chronically mentally ill population to all Medi-Cal beneficiaries who reside in San Francisco. Under the managed mental health care system, the City receives an allocation from the State based on the estimated number of San Francisco Medi-Cal beneficiaries who will require mental health services during a given fiscal year, regardless of the amount of services that may be provided. CMHS's FY 1998-99 budget includes $1,749,120 in State and Federal Medi-Cal funding for expanded mental health services for San Francisco Medi-Cal beneficiaries.

The State requires only that San Francisco Medi-Cal beneficiaries be included in CMHS's managed mental health care system. However, in December of 1997, the

City's Health Commission adopted a resolution endorsing the expansion of comparable mental health services to San Francisco's uninsured and indigent population who are ineligible for Medi-Cal. In other words, San Francisco's indigent population would be eligible to receive the same mental health services, including both inpatient and outpatient services, which are currently available to Medi-Cal beneficiaries. According to Ms. Rogers, establishing a single standard of care for both Medi-Cal beneficiaries and indigent residents would be beneficial because:

- Early treatment intervention could be provided to indigent individuals in order to prevent the utilization of costly acute services at a later date;
- CMHS would face many practical barriers in implementing a plan that offered more extensive benefits to Medi-Cal beneficiaries than to indigent individuals, given that individuals gain and lose their Medi-Cal benefits frequently; and
- The public mental health system is responsible for serving as a safety net for San Francisco residents who do not possess insurance coverage or the personal means necessary to cover the cost of mental health care.

Although the State did not allocate additional funds to San Francisco in order to provide expanded mental health services to the indigent population that are comparable to the services being provided to Medi-Cal beneficiaries under the managed care plan, CMHS started providing expanded services to the indigent population in April, 1998, using existing resources in CMHS's budget. An additional $1,000,000 in General Fund monies was included in CMHS's FY 1998-99 budget to provide expanded mental health treatment services to indigent individuals. This $1.0 million was allocated to professional services contracts in order to provide treatment to indigent individuals through CMHS's existing network of private mental health treatment providers.

CMHS is now requesting an additional $1,365,293 from the General Fund Reserve in order to (a) fund a projected shortfall of $1,158,352, including $600,000 in Professional Services and $558,352 in Materials and Supplies, in CMHS's pharmacy budget for indigent individuals for FY 1998-99, and (b) provide $206,941 in funding for a contract with a non-profit agency for one month of additional outreach and mental health treatment services for the City's under-served populations. This total request of $1,365,293 would be expended as follows:

Professional Services:		
Increase in professional services contract for increased pharmacy costs	$600,000	
Additional outreach and treatment services	206,941	
Subtotal – Professional Services		$806,941
Materials and Supplies - Pharmaceuticals		558,352
Total Supplemental Appropriation Request		$1,365,293

Projected Shortfall in Pharmacy Budget ($1,158,352)

CMHS reports that, based on the number of intake calls received during the nine-month period from April 1, 1998 through December 31, 1998, CMHS projects that an additional 2,836 uninsured clients will have been authorized for mental health treatment services during FY 1998-99. As a result, there has been a related increase in CMHS's pharmacy costs for pharmaceuticals for these individuals. CMHS's FY 1998-99 budget includes $2,394,746 in General Fund monies for pharmacy costs for uninsured individuals, consisting of (a) $1,200,000 for Professional Services for an existing contract with St. Mary's Pharmacy Management Services, under which prescription drugs are provided to clients at pharmacies throughout the City, and (b) $1,194,746 for Materials and Supplies for prescriptions drugs through CMHS's in-house pharmacy, located at 1380 Howard Street. Based on the number of prescriptions and actual expenditures between July 1, 1998 and December 31, 1998, CMHS is projecting a shortfall of $1,158,352 in its pharmacy budget for FY 1998-99, as shown below:

	CMHS's FY 1998-99 Pharmacy Budget	Actual Expenditures 7/1/98 - 12/31/98	CMHS's Total Projected Expenditures FY 98-99	CMHS's Projected Shortfall
St. Mary's Pharmacy Contract	$1,200,000	$900,000[1]	$1,800,000	$600,000
CMHS In-House Pharmacy	1,194,746	876,549	1,753,098	558,352
Total	$2,394,746	$1,776,549	$3,553,098	$1,158,352

[1] Approximate

This proposed supplemental appropriation ordinance includes $1,158,352 to fund CMHS's projected shortfall in its FY 1998-99 pharmacy budget, divided between Professional Services ($600,000) and Materials and Supplies ($558,352).

Additional Outreach and Mental Health Treatment Services ($206,941)

The balance of $206,941 of the supplemental appropriation request would be used to provide one month of additional outreach and treatment services targeted to the City's most under-served and difficult to reach groups. Ms. Rogers advises that, between April 1, 1998 and December 31, 1998, approximately only 50 percent of the mental health treatment services authorized by CMHS were actually utilized by clients (see Comment No. 3). Ms. Rogers advises that only 50 percent of the treatment authorized by CMHS was utilized because clients either did not show up for appointments or withdrew from treatment due to language barriers, stigma, fear, and homelessness. Ms. Rogers advises that some types of services, such as street-based services and drop-in hours, would more likely be used by under-served populations than the services currently offered by private practitioners in CMHS's existing provider network. As such, CMHS is requesting $206,941 in order to contract with a community-based non-profit organization to provide outreach and treatment services to the City's most under-served populations. Ms. Rogers advises that CMHS will issue a Request for Proposals (RFP) and

award a contract to the non-profit agency in May of 1999, with a projected start date of June 1, 1999. A breakdown of this request for the one-month period from June 1, 1999 through June 30, 1999 is shown in the Attachment, provided by CMHS.

Ms. Rogers reports that CMHS expects to be able to serve an additional 125 clients in the month of June, 1999 (1,500 clients annually) by providing additional outreach and treatment services to the City's under-served populations.

Comments:

1. Ms. Rogers estimates that the annualized cost of the proposed supplemental appropriation is $2,399,998, consisting of (a) $1,158,352 for CMHS's increased pharmacy costs associated with providing expanded mental health services to indigent individuals, and (b) $1,241,646 for additional outreach and treatment services for the City's under-served populations (based on annualizing the subject request of $206,941, less one-time expenses). The Attachment contains a breakdown of the $1,241,646 annualized cost for additional outreach and treatment services. Ms. Rogers advises that CMHS has included an additional $2,399,998 in its FY 1999-2000 budget request for the annualization of the proposed supplemental appropriation ordinance.

2. Based on year-to-date actual pharmacy expenditures provided by CMHS, the Budget Analyst's projected expenditures are $3,581,164 for FY 1998-99, resulting in a projected shortfall of $1,186,418 in CMHS's FY 1998-99 pharmacy budget, as shown below:

	CMHS's FY 1998-99 Pharmacy Budget	Actual Year-to-Date Expenditures	Budget Analyst's Total Projected Expenditures FY 98-99	Budget Analyst's Projected Shortfall
St. Mary's Pharmacy Contract	$1,200,000	$1,024,361[1]	$1,756,047	$556,047
CMHS In-House Pharmacy	1,194,746	1,192,566[2]	1,825,117	630,371
Total	$2,394,746	$2,216,927	$3,581,164	$1,186,418

[1] July 1, 1998 through January 31, 1999
[2] July 1, 1998 through February 28, 1999

Ms. Rogers advises that the difference of $28,066 between the Budget Analyst's projected shortfall of $1,186,418 shown above and the subject request of $1,158,352 will be absorbed with existing funds in CMHS's FY 1998-99 budget. Therefore, the Budget Analyst recommends approval of $1,158,352 to fund the projected shortfall in CMHS's FY 1998-99 pharmacy budget.

3. As previously noted, based on the number of intake calls received during the nine-month period from April 1, 1998 through December 31, 1998, CMHS projects that an additional 2,836 uninsured clients will be authorized for mental health treatment services during FY 1998-99. In addition, CMHS projects that 4,828 new Medi-Cal eligible clients will be authorized for mental health treatment services during FY 1998-99, for a total of 7,664 new clients in FY 1998-99. Of these, CMHS estimates that 6,344 clients, including 4,128 Medi-Cal eligible clients and 2,216 uninsured clients, will be referred for treatment to private practitioners within CMHS's existing network (rather than receiving treatment at DPH's clinics). CMHS originally anticipated that, assuming that all 6,344 new clients authorized for mental health treatment actually received treatment, the estimated cost for private practitioners to provide treatment to these clients would have been $5,252,832 in FY 1998-99, based on CMHS's estimated treatment cost of $828 per client.

However, as previously noted, approximately only 50 percent of the mental health treatment services authorized by CMHS have actually been utilized by clients. As a result, actual expenditures for treatment services have been lower than anticipated, since private practitioners have not billed CMHS for clients who were authorized to receive treatment but who failed to appear or who withdrew from treatment. Thus, CMHS is currently projecting total expenditures for treatment services of $2,626,416 for FY 1998-99, or 50 percent less than CMHS's original projection of $5,252,832. CMHS's FY 1998-99 budget includes $2,749,120 for treatment services, consisting of $1,749,120 in State Medi-Cal revenue plus the previously cited $1,000,000 in General Fund monies. CMHS is therefore projecting a budgetary

surplus of $122,704 ($2,749,120 less projected expenditures of $2,626,416), as shown in the table below:

	Projected No. of New Clients Authorized for Treatment	Original Projected FY 1998-99 Expenditures[1]	Revised Projected FY 1998-99 Expenditures[2]	CMHS's FY 1998-99 Treatment Budget	CMHS's Projected Budgetary Surplus
Medi-Cal Eligible Clients	4,128	$3,417,984	$1,708,992	$1,749,120	$40,128
Uninsured Clients	2,216	1,834,848	917,424	1,000,000	82,576
Total	6,344	$5,252,832	$2,626,416	$2,749,120	$122,704

[1] Based on CMHS's estimated treatment cost per patient of $828 per year.
[2] Equals 50 percent of original projected expenditures, based on 50 percent of authorized treatment being utilized by clients.

This projected $122,704 surplus in CMHS's current treatment budget should be used to partially offset the subject request of $206,941 for professional services for increased outreach and mental health treatment services for the City's under-served populations. Thus, the supplemental appropriation request of $206,941 to expand mental health services should be reduced by $122,704, from $206,941 to $84,237.

4. Ms. Monique Zmuda of DPH advises that DPH is currently facing a projected budgetary deficit of $19.5 million in its FY 1998-99 budget due to a reduction in Medi-Cal revenues and a higher than anticipated census at San Francisco General Hospital (SFGH). In addition, Ms. Zmuda reports that DPH has had a hiring freeze since November of 1998, has deferred capital improvement projects, facilities maintenance, and equipment purchases, and has made significant reductions in administrative costs. The Budget Analyst questions whether it is appropriate to approve the subject request of $206,941 to expand mental health services at the same time that DPH is facing a projected budgetary shortfall of $19.5 million in FY 1998-99. Therefore, the Budget Analyst considers approval of $84,237 (the subject request of $206,941 less the Budget Analyst's recommended reduction of $122,704) for the expansion of mental health services to be a policy matter for the Board of Supervisors.

Recommendations:

1. Approve $1,158,352, including $600,000 for Professional Services and $558,352 for Materials and Supplies, for the projected budgetary shortfall in CMHS's FY 1998-99 pharmacy budget.

2. Reduce the subject request of $206,941 for the expansion of mental health outreach and treatment services by $122,704, from $206,941 to $84,237, in accordance with Comment No. 3 above.

3. The Budget Analyst questions whether it is appropriate to approve the subject request of $84,237 to expand mental health services at the same time that DPH is facing a projected budgetary shortfall of $19.5 million in FY 1998-99. Therefore, the Budget Analyst considers approval of $84,237 (the subject request of $206,941 less the Budget Analyst's recommended reduction of $122,704) for the expansion of mental health services to be a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Attachment

Detail for Supplemental Budget Request

Proposed Budget Description	Unit Cost		Supplemental FY 98-99	FY 99-00
1. Pharmacy Deficit			**$1,158,352**	**$1,158,352**
2. Outreach/Treatment				
including 18% fringe				
Director	$88,500.00	1 mos	$7,375	$88,500.00
Peer Counselors-5	$35,400	1 mos	$14,750	$177,000
Clinicians-4	$70,800	1 mos	$23,600	$283,200
Nurses-1	$88,500	1 mos	$7,375	$88,500
Physicians-3	$110,000	1 mos	$27,413	$328,960
Eligibility Worker-1	$29,500	1 mos	$2,458	$29,500
Billing Clerk .5	$15,000	1 mos	$1,250	$15,000
Client Assistance Fund		1 mos	$1,000	$12,000
21% Indirect and operating		1 mos	$17,897	$196,174
Temp Shelter/housing $24/day				$22,812
Subtotal			$103,118	$1,241,646
One time Start Up Costs				
desks-14	$1,500		$21,000	
copier	$4,999		$4,999	
filing cabs-6	$500		$3,000	
phones-14	$50		$700	
computers/printers 5	$3,000		$15,000	
van-1	$29,000		$29,000	
dual diag training-14	$1,500		$21,000	
cell phone-2	$100		$200	
rent deposit 1 mos	$8,924		$8,924	
Subtotal			$103,823	
Total Outreach/Treatment			**$206,941**	
Total FY 98-99 Supplemental Request			**$1,365,293**	

4/5/99

Item 6 - File 99-0245

Department: Public Utilities Commission (PUC)

Item: Supplemental appropriation of (1) $690,000 from Water Fund balance, (2) $460,000 from Hetch Hetchy Fund balance and $690,000 from Clean Water Fund balance, for a total of $1,840,000 to fund the cost of remodeling of office space at the 875 Stevenson Street building, to be used by PUC staff.

Amount: $1,840,000

Sources of Funds:

$690,000	Water Fund balance
460,000	Hetch Hetchy Fund balance
690,000	Clean Water Fund balance
$1,840,000	Total

Description: The proposed supplemental appropriation of $1,840,000 would be used to fund renovations, utility upgrades and furnishings for approximately 28,241 useable square feet of space, leased by the PUC, on the third floor at 875 Stevenson Street.

PUC's ten-year Capital Improvement Program from 1998 through 2008 reflects Program costs to improve the system's reliability, water quality and water supply at a cost of over $2 billion to complete. As part of this effort, in November of 1997, the San Francisco voters approved Water System Reliability and Seismic Safety Revenue Bonds of $157 million to provide funds for acquiring and constructing reliable and seismic safety improvements to the water system and approved Safe Drinking Water Revenue Bonds of $147 million to provide funds for acquiring and constructing safe drinking water improvements related to the City's water system. The total authorized amount for these two bonds is $304 million.

According to Mr. Phil Arnold of the PUC, in order to undertake these capital improvements for improved water treatment facilities, the PUC has

been hiring additional staff for the necessary design and engineering phases of these projects with previously approved project funds. Mr. Arnold notes that the PUC's 1998-99 budget included funds and the authorization to hire 69 new FTE positions for the Utilities Engineering Bureau. Mr. Arnold reports that there are currently approximately 70 employees in PUC's engineering section and that the PUC is in the process of hiring an additional 50 employees for this section, for a total of 120 employees.

The PUC engineering staff is currently located in leased space at 1155 Market Street. These 70 PUC engineering positions currently occupy one entire floor, or approximately 12,000 square feet. Therefore, each of these employees has an average of approximately 171 square feet per person. The PUC occupies four floors of the 1155 Market Street facility, for a total of approximately 48,000 square feet.

Mr. Arnold reports that, by July 1, 1999, the PUC plans to locate 111 of the 120 PUC engineering employees to the 875 Stevenson Street location, which will have approximately 28,241 of useable square feet on the third floor for the 120 engineering positions, or an average of 254 square feet for each engineering position. This reflects an average increase of 49 percent, from 171 square feet to 254 square feet, or an average increase of 83 square feet per employee when compared with the existing staff level and space at 1155 Market Street.

Mr. Steve Legnitto of the Real Estate Department reports that the PUC's lease at 875 Stevenson Street contains a total of 32,310 square feet, including 28,241 directly useable space for the PUC and an additional 4,069 square feet for the prorated share of the lobby and hallways. Mr. Legnitto indicates that based on the total net rentable 32,310 square feet of space, this lease, including utilities, janitorial and security services, will cost the PUC approximately $1.78 per square foot per

month, resulting in a monthly total cost of $57,673 or approximately $692,076 annually. According to Mr. Tony DeLucchi of the Real Estate Department, the lease costs alone, without utilities, janitorial and security services, are approximately $1.33 per square foot per month, or $16 per square foot per year at 875 Stevenson Street.

Mr. Arnold reports that in November of 1998 the Public Utilities Commission approved this lease at 875 Stevenson Street for PUC engineering staff to occupy the third floor of the 875 Stevenson Street building. According to Mr. Legnitto, this space for the PUC was not subject to the Board of Supervisors approval because the space does not represent a new lease for the City. Rather, the City, through the Real Estate Department, has an existing lease for the 875 Stevenson Street building, which was previously approved by the Board of Supervisors in 1994 and again amended in 1996. According to Mr. DeLucchi, now that various City departments have moved from 875 Stevenson Street to the renovated City Hall, the Real Estate Department is backfilling the vacated space at the 875 Stevenson Street facility, with the concurrence of the City Hall Policy Committee. Mr. DeLucchi reports that the City Hall Policy Committee, comprised of representatives from the Controller's Office, Treasurer's Office, Department of Administrative Services, Mayor's Office, Department of Public Works and other City staff representatives, have been meeting for over a year to provide direction and reuse of City Hall and the surrounding office space in the Civic Center.

The proposed space to be occupied by the PUC at 875 Stevenson Street was previously occupied by the Controller's and the Assessor's Offices, and for storage space for the Treasurer/Tax Collector's Office, prior to their move back to City Hall in January of 1999. According to Mr. Arnold, approximately 25 percent of the 28,241 square feet of useable space on the third floor is unfinished and was previously used for records storage.

Budget:

Tenant Improvements	$834,566
Architectural Fees	58,420
Furnishings	463,221
Construction Administration	56,436
Telecommunications	117,721
Moving Expenses	24,000
Total	$1,554,364

Although the proposed supplemental appropriation requests a total of $1,840,000, the current budget requirement, as provided by the PUC, the Department of Telecommunications and Information Services (DTIS) and the Real Estate Department, is $1,554,364, or $285,636 less than is being proposed in the supplemental appropriation. However, as explained in Comment 11 below, the Mayor's Office requests that $91,400 of this amount be placed on reserve for consideration in connection with a future supplemental appropriation involving General Fund costs for the 875 Stevenson renovation and relocation.

Attachment 1, provided by the PUC, contains a detailed breakdown of the $463,221 being requested for all of the furnishings. Attachment 2 prepared by DTIS identifies the cost breakdown for the $117,721 of expenses of the Department of Telecommunications and Information Services. Attachment 3 provided by the Real Estate Department contains a detailed breakdown of the $834,566 for Tenant Improvements. The Architectural Fees of $58,420, which are seven percent of the Tenant Improvement costs of $834,566, are to be paid to Komourous-Towey Architects (KTA), who was selected by the administrator of the Mart, the landlord of 875 Stevenson Street. The Construction Administration Fee of $56,436, which is approximately 4.3 percent of the combined Tenant Improvement ($834,566) and Furnishings ($463,221) total of $1,297,787, which would be paid to the Mart, the landlord of 875 Stevenson Street, to oversee and manage the improvements and furnishings for the leased space.

Comments:

1. Mr. DeLucchi reports that the $1,554,364 estimated costs for the PUC to relocate into the 875 Stevenson Street facility have been revised downward from the $1,840,000 initially estimated in the subject supplemental appropriation due to the Real Estate Department's ongoing negotiations with the landlord of the building. According to Mr. DeLucchi, the major negotiations with the landlord of the 875 Stevenson Street facility for the PUC space have been completed, although, as with every project, there may be some minor additional adjustments in cost for the PUC.

2. Mr. Legnitto reports that the City originally entered into a lease for 150,000 square feet of space on five floors at the 875 Stevenson Street facility on June 16, 1994. This lease was to expire in 1997, although there were two six-month extension options. In November of 1996, the Board of Supervisors approved an extension of the 875 Stevenson Street lease until November of 2002, because the City needed additional time to occupy the building and the City was considering a plan to purchase the 875 Stevenson Street facility. According to Mr. DeLucchi, the City is no longer considering the purchase of this building. The existing lease for the 875 Stevenson Street facility has three different options to extend the lease for from six months up to a total of 7.5 extra years (through May, 2010) beyond the current expiration of November, 2002, with the provision that the rent would be adjusted to 95 percent of the then prevailing market rental rates.

3. Mr. Legnitto notes that prior to the City occupying the 875 Stevenson Street facility in early 1995, the City spent approximately $5,280,000 to renovate and upgrade four floors of this building, or an amortized cost over the four-year period that these facilities were occupied of approximately $1,320,000 per year. Mr. Legnitto reports that the Department of Technology and Information Services (DTIS) moved in approximately a year later in 1996, incurring additional renovation costs

of approximately $1,290,000, for a total renovation cost to the 875 Stevenson Street facility of $6,570,000. The initial renovation cost of $5,280,000 includes approximately $1,362,890 to renovate the third floor space, which the PUC is now proposing to expend an additional $1,554,364 to further renovate and upgrade the same space, which would result in total renovation and upgrade expenses by the City of $8,124,364 for this leased facility since just 1995.

4. According to Mr. Legnitto and Mr. Charles Dunn of the Real Estate Department, the reasons the PUC needs to spend approximately $1,554,364 to renovate and furnish this space after approximately $1,362,890 was spent on this same space only approximately four years ago is because (1) the original $1,362,890 reflected only minimal tenant improvements to the space, (2) much of the original budgeted improvements, such as carpeting and electrical wiring, only had a useful life of three years, (3) the Americans With Disability (ADA) and other building code requirements have changed and (4) whenever one City department is replaced by another City department, some renovations are always required. Of the total $834,556 of tenant improvements, it should be noted that approximately $8,000 is to be spent to remove the existing carpeting and another $127,048 is to be spent on installing new carpeting for the third floor.

5. As previously noted, the City's lease at 875 Stevenson Street expires in November of 2002, although the City has three options to extend the existing lease for up to an additional 7.5 years (through May, 2010) at 95 percent of the then prevailing market rental rates. If the proposed supplemental appropriation is approved, the value of the tenant improvements ($834,566), architectural fees ($58,420), construction administration ($56,436) and most of the telecommunications ($80,590) costs, totaling $1030,012, would be lost if the City vacates the 875 Stevenson building in 2002, at an amortized cost of

$343,337 per year for these renovations, over a three-year period. According to Mr. DeLucchi, it is likely, although he can make no assurances, that the PUC will remain in the 875 Stevenson Street facility for approximately five years, which would reduce the amortized cost of the proposed renovations to $206,002 per year. Mr. Arnold reports that the furnishings to be purchased at an estimated cost of $463,221 would all be of a modular-type, which would allow the PUC to move such furnishings to a new location.

6. According to Mr. Legnitto, since the proposed lease was renegotiated in 1996, when lease rates were less expensive, the existing proposed lease rate of $1.33 per square foot per month payable by the PUC represents less than the current fair market value for such a building. Mr. DeLucchi estimates that the fair market value rate for a comparable lease is approximately $1.75 per square foot per month at this time, or approximately $.42 per square foot per month more than the rate at 875 Stevenson Street. Mr. DeLucchi notes that fully servicing the 875 Stevenson Street lease, which would include providing utility, security and janitorial costs, increases the 875 Stevenson facility costs to $1.78 per square foot per month, and that comparable servicing costs would be added to other market rate leases.

7. Mr. Arnold reports that the space proposed to be vacated, when approximately 70 engineering staff, currently located at 1155 Market Street, are relocated to 875 Stevenson Street, would be used for the PUC's project management, construction management and contract management staff, that are also currently expanding due to the capital improvement projects that need to be completed over the next ten years. According to Mr. Arnold, under the proposed supplemental appropriation, all new furnishings would be purchased for the 875 Stevenson Street facility. As shown in Attachment 4, provided by Mr. Arnold, a total of 66 new staff positions, subject to Board of Supervisors approval, are anticipated to be added from FY 1998-1999

through FY 2000-2001, to be located at 1155 Market Street, such that the existing furnishings at 1155 Market Street need to remain there for use by these new PUC staff that would use that vacated space.

When queried by the Budget Analyst regarding the need for an additional $463,221 of new office furniture, Mr. Arnold responded that this would provide all new office furnishings for the 111 staff that would be relocated to 875 Stevenson Street. A review of the specific furnishings reveals that the PUC is requesting to construct and furnish four conference rooms (one large and three small) and 15 private offices, in addition to 96 work stations for the engineering and support staff. Mr. Arnold notes that the PUC engineering staff at 1155 Market Street currently have three small conference rooms and five private offices, and that given the number of staff working together on various projects, there is a great need for conference rooms and private offices where the staff can work together on projects. Although the proposed renovations and furnishings will result in an increase of one conference room and ten private offices, it is difficult for the Budget Analyst to identify whether such an increase is the appropriate number of conference rooms or private offices for the expanded needs of the PUC. Similarly, it is difficult for the Budget Analyst to determine what individual pieces of furniture are necessary, or whether the type of furniture selected is the most appropriate, efficient and economical for the PUC. However, the Budget Analyst does question the overall purchase of new furnishings for new capital project staff in this temporary leased facility, given the fact that it is likely that the PUC will be moving all of its staff to a new facility at 525 Golden Gate Avenue in approximately five years, and it is likely that the PUC will be requesting new furnishings to be purchased at that time.

8. The proposed source of revenues to pay for this supplemental appropriation are each of the utility's

Fund balances. The current fund balance in the Water Fund is $27,938,000. The current fund balance in the Hetch Hetchy Fund is $1,487,000. The current fund balance in the Clean Water Fund is $47,745,000. Mr. Arnold reports that these fund balances are a result of revenues received from water and sewer service rates charged to PUC's customers. In June of 1998, San Francisco voters approved Proposition H, which froze water and sewer service rates until July 1, 2006, except in certain circumstances. Therefore, Mr. Arnold reports that the proposed supplemental appropriation cannot result in increased rates to PUC's customers until at least July 1, 2006.

9. Although not the subject of the proposed supplemental appropriation, Mr. Ben Rosenfield of the Mayor's Office reports that staff from four other City departments, in addition to the PUC, are scheduled to be relocated to the 875 Stevenson Street facility. Mr. Rosenfield notes that a total of $464,880 of General Fund revenues were placed on reserve by the Board of Supervisors in the FY 1998-99 budget of the Department of Real Estate to finance the costs of renovations and furnishings at 875 Stevenson Street for these four General Fund departments. According to Mr. Rosenfield, the Department of Real Estate anticipates requesting the release of these General Fund monies in the near future, but is not currently ready to request the release of such funds at this time, or to provide detailed information on the amount of space and the costs for each of the four General Fund departments.

10. However, the four General Fund departments that are proposed to relocate into 875 Stevenson Street and a general description of where the Departments are currently located is as follows: (1) The Public Administrator-Guardian, which is currently located at 25 Van Ness, a City-owned building. It is anticipated that the 25 Van Ness vacated space would then be occupied by the Department of Parking and Traffic for their new Traffic Control Center and for their relocated

Residential Permit Parking Program, which is currently located in the Performing Arts Garage. (2) The Controller's Payroll and Personnel Division, which is currently located in leased facilities at 160 South Van Ness. According to Mr. Legnitto, the lease on the facilities at 160 South Van Ness expires on June 30, 1999 and an extension of this lease is currently being renegotiated by the Real Estate Department for use by the Department of Human Services (DHS) for their new hires and to relocate staff from other DHS work sites. (3) MUNI's Management Information System (MIS) and Security, which is currently located at 425 Mason Street, the Presidio facility and on Turk Street, in order to consolidate such staff in the Civic Center area. (4) Assessor's staff, currently located on the third floor of 875 Stevenson would be relocated to the ground floor of the 875 Stevenson leased facility in order to consolidate the Assessor and Recorder functions on the first floor and to provide the entire third floor for use by the PUC.

11. Mr. Rosenfield requests that the Board of Supervisors reserve $91,400 of the supplemental appropriation request of $1,840,000 for the anticipated costs of relocating the Assessor's Office from the third floor of 875 Stevenson to the first floor so that the PUC can relocate to the third floor. Mr. Rosenfield notes that the Assessor would not be required to move except for the fact that the PUC is requesting the use of the entire third floor. The cost of this move, Mr. Rosenfield states, should therefore be attributed to the PUC, and not to the General Fund.

12.The Budget Analyst notes that when City employees moved back into City Hall in January of 1999, a total of approximately $5 million in various types of furniture and equipment was provided for these employees. Many of these City employees, including employees from the Treasurer/Tax Collector's Office, Recorder/Assessor's Office, Controller's Office, etc. were previously located at 875 Stevenson Street. According to Mr. DeLucchi,

those furnishings were left behind at 875 Stevenson Street.

When queried regarding why the PUC could not make use of this remaining furniture at 875 Stevenson Street, Mr. Rosenfield reported that the furnishings remaining at 875 Stevenson, that are in good shape, would be used by the four General Fund departments that are proposed to occupy 875 Stevenson Street. However, Mr. Rosenfield also advises that these General Fund departments will also be purchasing some additional new furnishings, although the amounts and costs of such new furnishings are not available at this time. Because the request for release has not yet been made for the $464,880 for renovations and furnishings at 875 Stevenson Street for the four General Fund departments, the Budget Analyst cannot determine to what extent that the furniture, now remaining used at 875 Stevenson Street could be reused by these General Fund departments, and therefore eliminate the need for at least a portion of the subject $463,221 in requested new funds for PUC furnishings.

13.The Budget Analyst also notes that, according to Mr. DeLucchi, approximately 66,500 square feet of the total approximately 150,000 net rentable square feet at the 875 Stevenson Street facility is currently vacant. At a lease cost of $1.33 per square foot per month, excluding utilities, security and janitorial services, the City is currently spending approximately $88,445 per month for this vacant space. The Budget Analyst notes that City employees vacated the 875 Stevenson Street facility in December of 1998 and January of 1999, and that it is not anticipated that the PUC or other City departments would be able to relocate into this space until at least the Summer of 1999, leaving this space vacant for at least six months, at an approximate cost of at least $530,670 to the City.

However, Mr. Rosenfield reports that the PUC's budget for FY 1998-99 included rent for the third

floor space from the beginning of January of 1999 through the end of the current fiscal year. Therefore, Mr. Rosenfield reports that the PUC will pay rent for this leased from January of 1999 through the time the PUC actually moves into the leased space. Assuming the PUC moves into the 875 Stevenson Street facility on July 1, 1999, they will be paying a total of approximately $346,038 for the six-month period for which they did not occupy this space.

14. In summary, the Budget Analyst raises the following concerns about the proposed supplemental appropriation: (1) the 49 percent average increase of space per staff position from approximately 171 square feet per person at 1155 Market Street to 254 square feet per person at 875 Stevenson Street, (2) the existing lease at 875 Stevenson Street expires in November of 2002, although there are options to extend the lease up to 7.5 years, with rent adjustments to 95 percent of the then fair market rate, (3) the City has already spent $6,570,000 to renovate this building, of which $1,362,890 included renovations to the third floor, (4) the $6,570,000 previously spent and the proposed supplemental appropriation of $1,554,364, to again renovate the third floor, only approximately four years after the initial renovations to the third floor, results in a total of $8,124,364 to be spent on this leased facility since 1995, (5) whether the increased number of PUC conference rooms, private offices and the type of furniture are appropriate, efficient and economical, given that the PUC will likely be moving to a new permanent facility in approximately five years, and will likely be requesting new furnishings at that time, (6) $464,880 of General Fund monies are on reserve for additional renovation and furnishing costs for 875 Stevenson Street for four City departments, and is not available for review at this time, (7) an additional $91,400 is requested by the Mayor's Office from the subject PUC supplemental appropriation for the Assessor's Office, although no details are currently available and the funds were not included in the original PUC or Mayor's

supplemental appropriation request, (8) the City has an ongoing lease to occupy the current vacant space and is therefore paying rent on this vacant space at a rate of $88,445 per month, (9) the PUC will pay rental costs for the approximately six-month period that they have not occupied the third floor space.

Recommendations:

Amend the proposed ordinance to reduce the supplemental appropriation from $1,840,000 to $1,645,764, a savings of $194,236, and reserve $91,400 for the cost of the relocation of the Assessor's Office, as explained in the Budget section and Comment 11 of this report.

Approval of the proposed supplemental appropriation, as amended, is a policy matter for the Board of Supervisors.

875 Stevenson
Furnishing Cost Estimate

Type of Space	Qnty.	Cost/item	Total
Work Station	96	$ 4,025	$ 386,400
Private Office			
Bureau Mgr.	1	$ 4,206	$ 4,206
Section Mgr.	4	$ 3,855	$ 15,420
Supervisor	10	$ 2,539	$ 25,390
Conference Room			
Small	3	$ 4,855	$ 14,565
Large	1	$ 9,265	$ 9,265
Reception	1	$ 604	$ 604
Sub-total:			**$ 455,850**
Misc.			
Lateral Files	17	$ 260	$ 4,416
Bookshelves	20	$ 148	$ 2,956
Total:			**$ 463,221**

PRELIMINARY

875 Stevenson
Furnishing Cost Estimate

Item	Item Description	Unit Cost	Qnty.	Cost
Work Station, Typical				
Modular Workstation	Herman Miller Series 2 (includes panels, worksurfaces, overhead cabinet, pedestal cabinet, task light)	$ 5,000.00	1	$ 5,000.00
Keyboard Tray	Workrite Straightway w/ adjustable Arm	$ 312.00	1	$ 312.00
Ergonomic Chair	Eckadams Task Chair w/ arms, burgundy	$ 435.00	1	$ 435.00
Vertical File	HON Vertical File, legal, 4 drawer, grey	$ 275.00	1	$ 275.00
BookShelf	HON Bookcase, 47"h, grey	$ 161.00	1	$ 161.00
		List Price:		$ 6,183.00
		City's Price (40% discount& tax):		$ 4,025.13
Bureau Manager's Office				
Desk	HON 10700 Radius Edge Series, U-grouping, Medium Oak			
	Peninsula Top w/ Edge Panel	$ 639.00	1	$ 639.00
	Bridge	$ 218.00	1	$ 218.00
	Lateral File w/ Credenza	$ 909.00	1	$ 909.00
	Lateral File	$ 596.00	1	$ 596.00
	Overhead Storage Unit	$ 855.00	1	$ 855.00
Keyboard Tray	Workrite Straightway w/ adjustable Arm	$ 312.00	1	$ 312.00
Bookshelf	HON Bookcase, 47" h, black	$ 161.00	2	$ 322.00
Ergonomic Chair	Eckadams High Back Chair w/ arms, burgundy	$ 555.00	1	$ 555.00
Conference Table	HON Rectangular Table, 36"x72", Med. OaK	$ 525.00	1	$ 525.00
Side Chair	HON Guest Arm Chair, Oak/Burgundy	$ 255.00	6	$ 1,530.00
		List Price:		$ 6,461.00
		City's Price (40% discount& tax):		$ 4,206.11
Section Manager's Office				
Desk	HON 10700 Radius Edge Series, U-grouping, Medium Oak			
	Peninsula Top w/ Edge Panel	$ 639.00	1	$ 639.00
	Bridge	$ 218.00	1	$ 218.00
	Lateral File w/ Credenza	$ 909.00	1	$ 909.00
	Lateral File	$ 596.00	1	$ 596.00
	Overhead Storage Unit	$ 855.00	1	$ 855.00
Keyboard Tray	Workrite Straightway w/ adjustable Arm	$ 312.00	1	$ 312.00

875 Stevenson
Furnishing Cost Estimate

Item	Item Description	Unit Cost	Qnty.	Cost
Conference Table	HON Round Table, 42"d, Medium Oak	$ 495.00	1	$ 495.00
Bookshelf	HON Bookcase, 47" h, black	$ 161.00	2	$ 322.00
Ergonomic Chair	Eckadams High Back Chair w/ arms, burgundy	$ 555.00	1	$ 555.00
Side Chair	HON Guest Arm Chair, Oak/Burgundy	$ 255.00	4	$ 1,020.00
	List Price:			$ 5,921.00
	City's Price (40% discount & tax):			$ 3,854.57
	Total Cost/Floor:			

Supervisor's Office

Item	Item Description	Unit Cost	Qnty.	Cost
Desk	HON 10700 Radius Edge Series, U-grouping, Medium Oak			
	Peninsula Top w/ Edge Panel	$ 639.00	1	$ 639.00
	Bridge	$ 218.00	1	$ 218.00
	Lateral File w/ Credenza	$ 909.00	1	$ 909.00
	Lateral File	$ 596.00	1	$ 596.00
Keyboard Tray	Workrite Straightway w/ adjustable Arm	$ 312.00	1	$ 312.00
Bookshelf	HON Bookcase, 47" h, black	$ 161.00	1	$ 161.00
Ergonomic Chair	Eckadams High Back Chair w/ arms, burgundy	$ 555.00	1	$ 555.00
Side Chair	HON Guest Arm Chair, Oak/Burgundy	$ 255.00	2	$ 510.00
	List Price:			$ 3,900.00
	City's Price (40% discount & tax):			$ 2,538.90

Large Conference Room

Item	Item Description	Unit Cost	Qnty.	Cost
Chairs	HON Stackable Guest Chair, burgundy (unit=2 chairs)	$ 294.00 $ 500.00	15	$ 4,410.00
Side Chair	HON Exexutive Swivel, burgundy	$ 245.00	8	$ 1,960.00
Electronic Copyboard	Plus Corp. 77"x42"	$ 2,195.00	1	$ 2,195.00
Table	HON Rectangular Table, 42x96, Medium Oak	$ 700.00	1	$ 700.00
	List Price:			$ 9,265.00
	City's Price (40% discount & tax):			$ 6,031.52

Small Conference Room

Item	Item Description	Unit Cost	Qnty.	Cost
Electronic Copyboard	Plus Corp. 77"x42"	$ 2,195.00	1	$ 2,195.00

**875 Stevenson
Furnishing Cost Estimate**

Item	Item Description	Unit Cost	Qnty.	Cost
Side Chair	HON Exexutive Swivel, burgundy	$ 245.00	8	$ 1,960.00
Table	HON Rectangular Table, 42x96, Medium Oak	$ 700.00	1	$ 700.00
	List Price:			$ 4,855.00
	City's Price (40% discount & tax):			$ 3,160.61

Reception Area

Side Chair	Lesro 2-Seat Sofa, Oak/Burgundy	$ 472.00	2	$ 944.00
	Lesro End Table, Medium Oak	$ 169.00	1	$ 169.00
	List Price:			$ 1,113.00
	City's Price (40% discount & tax):			$ 603.80

Department of Telecommunications and Information Ser...s
City and County of San Francisco

December 22, 1998

THROUGH: Edmundo Colchado, Deputy Director

Ms. Lena Chen
Project Manager,
Utilities Engineering Bureau
Public Utilities Commission
1155 Market, Street
San Francisco, CA 94102

Dear Ms. Chen:

The following is an estimate of the total cost to move your operation currently located at 1155 Market, 7th floor to 875 Stevenson, 3rd floor. A detailed breakdown of the costs associated with this move is as follows:

Lucent equipment costs	$ 37,131.25
Network Engineering Consulting	4,000.00
Estimated labor (wiring/install)	30,500.00
Estimated parts (wiring)	44,500.00
Pac Bell T1 installation	1,590.00
Total	$117,721.25

DTIS would require a work order in the amount of $116,131.25 sixty days prior to your anticipated move to fund equipment costs, network engineering consulting charges, and labor and parts for wiring. The Pacific Bell installation charge ($1,590) would be covered by the Utilities Engineering Bureau's usage work order.

If you have any questions, please do not hesitate to call me at 550-2777.

Sincerely,

Judi Soto

Judi Soto
Network Engineering Consultant

cc: J. DeRouen
M. Hobson
P. Arnold

Attachment 3

City and County of San Francisco

Real Estate Department

Office of the
Director of Property

875 Stevenson, 3rd Floor
Public Utilities Commission
Tenant Improvement Budget Summary
Based On Estimates From Hensel Phelps Construction
As of 3/24/99

Doors & Partitions	$ 67,126
Paint & Finishes	24,817
Carpet & Flooring	127,048
Ceilings (Re-work)	20,436
Millwork	56,275
Demolition	48,386
General Conditions	103,435
Mechanical – HVAC	51,500
Fire Protection	15,400
Electrical	176,300
Permits	19,880
Fees	77,350
Indirects (Insurance, Taxes)	12,174
Contingency	34,409
Total	$834,566

Excludes Architectural & Engineering, Telephone, Data, Furniture and other non construction costs.

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554-9850
FAX: 552-9216
25 Van Ness Avenue, Suite 400
San Francisco, 94102

Attachment 4

Post-it® Fax Note 7671	Date 4/9	# of pages ▸ 1
To Debra Newman	From Phil Arnold	
Co./Dept. HMR	Co. PUC	
Phone #	Phone # 487-5255	
Fax # 252-0461	Fax #	

Public Utilities Commission
Projected Growth (1998-99 to 2000-01)
1155 Market Street

Unit	New Positions
UEB (contract admin)	3
UEB (construction mgt.)	10
UEB (project mgt.)	23
Hetch Hetchy	8
Energy Conservation	5
Finance	4
Accounting	3
Land Management	1
Management Information	3
Personnel	3
Human Rights Commission	3
Total	66

4/7/999:37 AM

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TOTAL P.01

Item 7 – File 99-0298

Item: Ordinance amending Article VII, Chapter 23, Part I of the San Francisco Municipal Code (Administrative Code) related to the requirement that employers operating a hotel or restaurant in which the City has a proprietary interest must use procedures specified in the Administrative Code for determining whether an employee prefers to be represented by a labor union for collective bargaining (Card Check Agreement Procedures). The proposed ordinance would amend Sections 23.32, 23.33 and 23.34 of the Administrative Code to: (1) clarify certain requirements in the Card Check Agreement Procedures in Section 23.33; (2) clarify the exemptions to the Card Check Agreement Procedures and related definitions; and (3) apply the Card Check Agreement Procedures to any hotel or restaurant project located on property under the jurisdiction of the Airport Commission.

Purpose of Proposed Amendments: Mr. Jonathan Holtzman of the City Attorney's Office states that the purpose of the proposed amendments to the Administrative Code is to clarify certain provisions of the Card Check Agreement Procedures and to expand the scope of the provisions to apply to the Airport. As shown in the Attachment, provided by Mr. Holtzman, there are four major changes that will be clarified with the proposed legislation. In addition, as indicated in the Attachment, a further amendment may be introduced at the Finance and Labor Committee meeting to clarify a 50-employee threshold level for same ownership hotels and restaurants at the Airport.

Description: According to Mr. Holtzman, the Card Check Agreement is a nonconfrontational alternative process for avoiding labor conflicts and union-organized campaigns. Under a Card Check Agreement between an employer and a union, workers in hotels or restaurants in which the City has a proprietary interest must state whether they wish to be represented by a union for collective bargaining purposes.

Presently, while the Card Check Agreement Procedures apply to subcontractors, the proposed amendments to the

Administrative Code would specify that the Card Check Agreement Procedures would apply to any subcontractor who operates an applicable hotel or restaurant, or who provides a service that is essential to the operation of such a hotel or restaurant.

Currently, developers and managers or operators of applicable hotels or restaurants must notify local labor councils about the Card Check Agreement pertaining to the subject hotel or restaurant project. Under the proposed amendments to the Administrative Code, these notification requirements would apply only where the City's proprietary interest in the hotel or restaurant is "based on a lease, a loan, or a guarantee."

Currently, the provisions of the ordinance applies to existing hotel and restaurants only if their contract is substantially amended or are renewed or extended with a change in ownership greater than 25 percent not within the same family. The proposed ordinance defines "substantial amendment" for the purpose of determining whether an exemption from the Card Check Agreement Procedures applies to be any of the following: (1) a change in use of the subject premises, (2) a greater than 25 percent increase in square footage and/or seating or rooms with certain exceptions, or (3) an increase in the term of the lease.

The proposed amendments to the Administrative Code would clarify that the Card Check Agreement Procedures apply only where the City has a proprietary interest in the subject hotel or restaurant development (See Comment 3). The proposed amendments to the Administrative Code would further clarify the definition of a proprietary interest, providing that taxes, zoning, and the issuances of permits and licenses do not, in and of themselves, give rise to a proprietary interest for the City in regard to hotel or restaurant projects.

Finally, under the proposed amendments, the Card Check Agreement Procedures would now apply to any hotel or restaurant project located on property under the jurisdiction of the Airport. The Airport was previously exempted from the Card Check Agreement Procedures in

the Administrative Code, when it was initially enacted in June of 1998.

Comments:

1. According to Mr. Holtzman, the Card Check Agreement Procedures are required for those applicable hotel or restaurant projects where 50 or more employees are employed. By signing an authorized card, an employee registers his or her preference on being represented by a union for collective bargaining.

2. Mr. Holtzman states that the proposed amendments are intended to protect the City's proprietary interests in hotel or restaurant developments, by attempting to limit conflicts over the circumstances under which the Card Check Agreement Procedures would be required and over whom such provisions apply.

3. According to Mr. Holtzman, and under the existing provisions of the ordinance, a "proprietary interest" is "any nonregulatory arrangement or circumstance in which the financial or other nonregulatory interests of the City in a hotel or restaurant project could be adversely affected by labor/management conflict or consumer boycotts resulting from a union organizing campaign," in the following circumstances: (a) when the City receives significant, ongoing lease revenue from City-owned property that is used for such a project; (b) when such revenues are used to pay debt service on bonds or loans issued for such a project; (c) when the City has agreed to underwrite or guarantee the loans for such a project; or (d) when labor conflicts or union-organized campaigns could harm the City's financial or other non-regulatory interests in such a project.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CITY ATTORNEY

LOUISE H. RENNE
City Attorney

DIRECT DIAL: (415) 554-4720
E-MAIL: jonathan_holtzman@ci.sf.ca.us

MEMORANDUM
PRIVILEGED & CONFIDENTIAL

TO:	HARVEY ROSE Budget Analyst
FROM:	JONATHAN V. HOLTZMAN Chief Deputy City Attorney
DATE:	April 7, 1999
RE:	CARD CHECK ORDINANCE

The Card Check Ordinance has been in effect now for over a year. During that time, a few interpretation issues have arisen which would benefit from clarification.

Some confusion has resulted from the Ordinance's coverage of existing hotel and restaurant operations. Generally, the ordinance exempts, or grandfathers, existing hotel and restaurant operations. The existing ordinance does, however, apply to existing hotel and restaurant operations when their contract or lease with the City is renewed with a "substantial amendment." The ordinance presently does not define substantial amendment.

The amendments clarify that the only circumstance in which the grandfather clause does not apply is when a contract or lease is amended, and further, that such amendment must involve either a change in use, an increase in square footage of over 25%, or an extension in term.

Another issue involves the Ordinance's notification requirements. Concerns have been expressed that the Ordinance's requirement to notify the Labor Council of projects that are subject to the ordinance could apply to projects which are otherwise exempt from the Ordinance's coverage. Although we believe this concern is unfounded, the amendments clarify that the notification requirements apply only when the project falls within the coverage of the Ordinance.

Third, the amendments clarify that card check provisions must be included in a subcontract only if the subcontract contemplates or permits a subcontractor to operate or manage a hotel or restaurant.

Finally, the amendment deletes an exemption in the original legislation for property under the control of the San Francisco Airport Commission. Accordingly, new hotel and restaurant projects at the airport will be covered by the ordinance. We are informed that Supervisor Katz will offer a further amendment in Committee clarifying that, for new hotels and restaurants within the airport, the 50 employee threshold will be calculated by aggregating the employees of all hotels or restaurants within the airport under the same ownership.

Item 8 - File 98-1935

Note: This item was continued by the Finance and Labor Committee at its meeting of February 24, 1999.

Department: Department of Parking and Traffic (DPT)
Department of Real Estate (DRE)

Item: Ordinance to amend Section 17.11 of Chapter 17, Article II of Part I of the Administrative Code in regard to awarding leases and management agreements for the operation of City-owned parking facilities: (1) to eliminate the requirement that the Board of Supervisors, by ordinance, must first approve the bid documents as well as authorize the Director of Property to conduct the competitive bidding process; and (2) to eliminate the requirement to conduct the formal competitive bidding process currently set forth in Section 17.11 under which all such agreements must be awarded to the highest bidder in the case of a lease or to the lowest bidder in the case of a management agreement when the Parking and Traffic Commission deems such a formal competitive bidding process to be "in the best interest of the public," and to replace the established formal competitive bidding process with a Bid/Request for Proposals (RFP) process developed by the Director of Property and the Department of Parking and Traffic (DPT).

Description: The DPT and the Parking Authority have jurisdiction over 18 parking garages and 23 parking lots in the City.

Changing the Process of Awarding Contracts

According to Mr. Ronald Szeto of the DPT, the current process of awarding leases and management agreements to private parking facility operators requires approval of two types of legislation by the Board of Supervisors. First, the Board of Supervisors must, by ordinance, approve bid documents related to the award of such contracts as well as authorize the Director of Property to issue an Invitation for Bid. Second, the Board of Supervisors must, by resolution, approve the contract awarded to the highest bidder in the case of a lease or the lowest bidder in the case of a management agreement.

According to Mr. Szeto, this two-part process for obtaining approval of an award by the Board of Supervisors generally takes six months.

Mr. Szeto states that the proposed ordinance would expedite this process by two months, by removing the first requirement that the Board of Supervisors must approve the bid documents to be used for issuing Invitations for Bids and must authorize the issuance of the Invitation for Bids. Currently, the Board of Supervisors may revise the bid documents submitted by the DPT prior to approving or rejecting them by ordinance. According to Mr. Szeto, under the proposed amendments, the DPT would continue to use such bid documents that have been approved by the Board of Supervisors in the past, but that modifications to the bid documents, after review and approval by a Deputy City Attorney, would be able to be made by the DPT without obtaining approval from the Board of Supervisors.

The actual award of each lease or management agreement to designated parking operator firms for the operation of City-owned parking facilities would continue to be subject to approval by the Board of Supervisors.

Changing Competitive Bidding Requirements

The competitive bidding process currently described in Section 17.11 permits the award for leases and management agreements to the highest responsive and responsible bidder in the case of leases or the lowest responsive and responsible bidder in the case of a management agreement.

Under the proposed ordinance, the formal competitive bidding procedures described in Section 17.11 of the Administrative Code would <u>not</u> be utilized if the Parking and Traffic Commission determined that such "a competitive process" would not be in the best interests of the public. According to the proposed ordinance, in such circumstances awards could be made through a "competitive process developed and implemented by the Director of Property and the Executive Director of the

Department of Parking and Traffic" through the utilization of a Bid/Request for Proposals (RFP) process.

Approval of the proposed amendment would enable the DPT to issue Bid/RFPs, in lieu of the formal competitive bidding process that is currently prescribed in Section 17.11 of the Administrative Code, for awarding leases and management agreements for parking facility operations. Mr. Szeto confirms that this legislation would enable the DPT to award such parking leases and management agreements on a sole-source basis, subject to approval by the Board of Supervisors.

At the request of the Budget Analyst, Attachment I provided by Mr. Szeto and Mr. Gerald Romani of the Department of Real Estate (DRE), describes four prior specific instances which they believe clearly demonstrate that the formal competitive bidding process was impractical or impossible. However, in each of those instances, the lease or management agreement was, in fact, awarded through a formal competitive bidding process.

Attachment II provided by Mr. Szeto describes each of the specific criteria, in addition to monetary considerations, that the DPT would use to evaluate potential operators if the DPT were able to issue Bid/RFPs, in lieu of using the currently required formal competitive bidding procedures to award leases and management agreements to operate the parking facilities under the jurisdiction of the DPT and the Parking Authority. Under the proposed Bid/RFP evaluation process, DPT would weight the cost of the parking operator's bid at 150 or 60 percent of the 250 total points being considered.

Comments:

1. As previously noted, according to Mr. Szeto, the current process of awarding leases and management agreements generally takes six months. Mr. Szeto estimates that by eliminating the requirement that the Board of Supervisors must approve the bid documents prior to authorization to begin the competitive bid process, the entire process can be reduced by two months under the proposed ordinance.

2. According to Mr. Romani, the current bidding process requires that awards be made solely based on the amount of the bids presented by operators, after specific qualifications established by the DPT are met. However, Mr. Szeto states that through the use of a Bid/RFP process, the DPT would receive additional information from potential operators as to the quality of service and the management proposed to be provided. The Budget Analyst notes that nothing whatsoever precludes the DPT from obtaining such additional information under the presently required formal competitive bidding procedures, which, under the current provisions of Administrative Code Section 17.11, require the award of such contracts to "responsive and responsible" bidders.

Also, with regard to the examples of problems related to the use of competitive bids cited by DPT in Attachment I, the Budget Analyst believes that any such problems could have been resolved through the preparation of detailed bid specifications and contract performance standards.

Recommendations:

1. We consider the elimination of the requirement that the Board of Supervisors approve of bid documents related to the award of agreements to parking operator firms of City-owned parking facilities to be a policy matter for the Board of Supervisors.

2. However, the Budget Analyst has not been presented with compelling evidence to show that it would be more beneficial financially for the City to permit the DPT to waive the formal competitive bidding process established in Section 17.11 of the Administrative Code, particularly when any additional information which the DPT states it would obtain using a Bid/RFP process could, in fact, also be obtained under a formal competitive bidding process.

1. Performing Arts Garage Bid dates-8/23/96 and 12/4/96

Initially a bid opening was held on 8/23/96 for award of a management agreement with a fee based upon a percentage of the gross parking revenues less the parking taxes. With the numerous, significant renovation/construction projects either underway or proposed to begin in the Civic Center area (City Hall, Courts Building, Opera House, State building and Asian Art Museum), the relocation of employees and patrons of the arts would reduce the garage revenues. In addition, a City-vehicle motor pool was proposed for the garage which could impact up to 81 of the 612 spaces. As a result, bids ranging from 3.45% to 64.5%, which could not begin to cover the operating expenses, were received with the then current operator bidding the highest. Since the three low bids ranged from 3.45% to 15.9% and such a wide range in bids existed, the Parking Authority Commission followed the staff recommendation by rejecting all bids. This required a rebid which took place on 12/4/96. Due to these various factors an RFP vs. a competitive bid would have been beneficial and prevented duplication of staff efforts in the rebid.

2. San Francisco General Hospital Medical Center Parking System Bid dates-3/12/96 and 5/27/98

With the completion of the new parking garage at SFGH approaching, a management agreement to operate the parking system (the "System"), consisting of 1701 System parking spaces (807-garage, 658-campus and 236-street), was developed. Because of the complexity of the System with its size, 24-hour operation, different type of parking categories, a required lottery to select the monthly parkers and sophisticated parking control/revenue equipment to develop revenue reports, parking utilization plans, etc., an RFP process would have provided the ability to exam a parking firm's experience and expertise to operate such a large, complex facility. Recognizing these problems and having to award the contract to the lowest bidder, the initial term of the contract was limited to 2 years. Upon expiration of the initial contract a new operator took over who was also awarded the contract through a competitive bid process.

3. St. Mary's Square Garage Bid date-2/6/97

This 6-story, 825-space garage required extensive renovation including seismic retrofit resulting from damage sustained during the Loma Prieta earthquake. A $6M+ renovation project, which commenced in late July 1998, is near completion. Valet parking of vehicles is required during the majority of the garage's hours and resulted in gross revenues less parking taxes of $3.3M for the 1996-97 fiscal year. During the renovation project up to 50% of the garage area may be closed. Due to the high volume of vehicles parked and the impact the renovation project would impose on the parking operation, an RFP process would allowed for better assessment of a parking operator's ability to

successfully operate this garage, especially during the trying times of the renovation project.

4. Civic Center Plaza Garage Bid date-4/27/98

The most recent bid for management of this garage illustrates problems that can be encountered in utilizing a competitive bid process instead of an RFP. Seven bids with monthly management fees ranging from $28,333 to $57,782 were received. Staff believed a management fee of $45K/mo. to be a realistic management fee to operate the garage at the minimum levels contained in the management agreement. A recommendation by staff to reject all bids was approved by both the Parking and Traffic Commission and the Board of Supervisors. The contract was extended with the current operator on a month to month basis through 12/31/99 to allow for time to evaluate the possible impacts on the garage that may result from a proposed Civic Center Plaza Historic District bond measure.

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ATTACHMENT II

EVALUATION and SELECTION CRITERIA

1.	**Management Approach**		**25 points**
	a) Understanding of the garage attributes and limitations as well as the needs of the clientele in order to develop a garage utilization plan to provide sound and efficient management	25 points	
2.	**Assigned Management Staff**		**30 points**
	a) Professional qualifications and experience of manager and on-site supervisors; availability of extra staff for additional services on an "as needed" basis	20 points	
	b) Recent experience of staff to be assigned to the garage and a description of the duties to be performed by each staff person	10 points	
3.	**Experience of Firm and Sub-consultants**		**45 points**
	a) Expertise of the firm and sub-consultants in the fields necessary to complete required tasks such as parking management, maintenance/ repair, janitorial services and security services	20 points	
	b) Overall management quality of recently operated parking facilities, including adherence to deposits, reports and budgets	15 points	
	c) Experience with similar parking facilities	10 points	
4.	**Management Fee Bid**		**150 points**
	a) Management fee	150 points	
		Total:	**250 points**

HRC Ratings Discount

Completion and submission of required forms by HRC certified LBE's,MBE's and WBE's could earn certified firms up to an additional 25 points for a possible maximum of 275 points (250 pts. + 25 pts.= 275 pts.).

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Item 9 – File 99-0377

Department: District Attorney (DA)
Family Support Bureau

Item: Supplemental appropriation ordinance in the amount of $600,000 in Federal and State funds for the adaptation and installation of San Francisco's Computer Assisted Support Enhancement System (CASES), a computerized Child Support Enforcement System, in 24 California counties.

Amount and Source of Funds:

Federal Public Assistance Administration Funds	$396,000
State Public Assistance Funds	204,000
Total	600,000

Description: The proposed supplemental appropriation ordinance would appropriate Federal and State funds in the amount of $600,000 to the District Attorney's (DA) Family Support Bureau to support the adaptation and installation of San Francisco's Computer Assisted Support Enhancement System (CASES) in 24 California counties.

In 1987, the DA's Family Support Bureau developed and implemented CASES, an automated system used by the Family Support Bureau to locate absent parents, establish paternity, establish and enforce child support court orders, collect and distribute child support proceeds, and periodically review child support cases.

In 1989, the Federal government mandated that all States establish automated child support systems that could be linked between States and the counties within each State. The State of California retained a contractor, Lockheed Martin, to develop the Statewide Automated Child Support System (SACSS) in order to meet this Federal mandate. The Statewide system (SACSS) was to have replaced San Francisco's local system (CASES). However, according to Mr. Merlin Zimmerly of the DA's Family Support Bureau, when the State installed SACSS in San Francisco in 1996, the Family Support Bureau found that, unlike CASES, SACSS could not perform

some of the basic functions of establishing child support. As a result, after six months of using SACSS, the Family Support Bureau returned to using CASES. Subsequently, according to Mr. Zimmerly, after the State expended $99 million on SACSS, the State determined in 1997 that SACSS would not work and rejected the whole system. In order to meet the Federal government's deadline of October 1, 1998 for nationwide implementation of automated child support systems, the State Legislature decided to allow counties to adopt existing local systems, such as San Francisco's CASES, which could then be networked between counties.

Mr. Zimmerly advises that San Francisco's CASES, one of four systems accepted by the State for implementation in other California counties, has been adopted by 23 other counties because CASES is easy to use, is user-friendly, meets all operational requirements and can be networked. These 23 other counties and the San Francisco DA's Family Support Bureau have entered into a Memorandum of Understanding (MOU) which names San Francisco as the fiscal agent for the CASES consortium and authorizes San Francisco to direct the adaptation and/or installation of CASES in all 24 counties.

The Family Support Bureau's FY 1998-99 budget includes $2,100,000 in funding, including Federal funds of $1,334,520, State funds of $421,740, and local matching funds of $343,740 for the adaptation and/or implementation of CASES in the 24 consortium member counties. San Francisco's share of the $343,740 local match is $40,661, to be paid with Federal funds. Of the 23 other member counties, 20 counties will reimburse San Francisco for the remaining $303,079 of the local match during FY 1998-99. Mr. Zimmerly advises that the three other member counties will contribute to the $2.1 million contract with Informatix at a future date, and that each county's portion of the $343,740 local match will then be readjusted. Attachment I, provided by the Family Support Bureau, shows (a) the 24 member counties and (b) the 21 contributing member counties' portions (including San Francisco) of the $343,740 local match.

In 1998, the Family Support Bureau awarded a sole source contract to Informatix, Inc. in the amount of $2,100,000 for the basic adaptation and implementation of CASES in 24 counties' Family Support Divisions (including San Francisco). Attachment II, provided by the Family Support Bureau, contains the basis for the $2,100,000 contract amount to be paid to Informatix. Mr. Zimmerly advises that the Family Support Bureau contracted with Informatix on a sole source basis because Informatix had provided system support of San Francisco's CASES for the previous five years and therefore already had significant expertise in working with CASES.

The proposed supplemental appropriation ordinance would appropriate an additional $600,000 in Federal and State funds in order for Informatix to complete additional work related to the implementation of CASES in the 24 consortium member counties, resulting in a total payment to Informatix by the City of $2,700,000. This additional $600,000 would be used by Informatix to install interfaces between CASES and 12 member counties' automated financial systems and 13 member counties' automated welfare systems. This $600,000 is based on the State's estimated cost of $24,000 per interface application for 25 applications. Mr. Zimmerly advises that not all 24 counties require the installation of such interfaces because many counties have automated welfare and/or financial systems that are already compatible with CASES. Mr. Zimmerly further advises that, although it was anticipated that this additional work would be required of Informatix when the Family Support Bureau submitted its FY 1998-99 budget request, the cost of and funding source for this additional work was not known at that time.

Comments:

1. As noted above, the Federal government's deadline for nationwide implementation of automated child support systems was October 1, 1998. According to Mr. Zimmerly, because the State of California failed to meet this deadline, it will be assessed financial penalties by the Federal government in the amount of $89,900,000 in FY 1999-2000. Mr. Zimmerly advises that, according to the State Legislative Analyst's Office, the State currently

plans to pass these financial penalties on to the counties. According to Mr. Zimmerly, if this occurs, San Francisco's share is estimated to be $2,801,248. Mr. Zimmerly advises that a funding source for this amount has not been identified and that such funds have not been requested in the District Attorney's FY 1999-2000 budget.

2. Given that (a) the $89,900,000 Federal penalty is being assessed against the State because of the State's, and not the counties', failure to implement an automated child support system, and (b) the San Francisco DA's Office has been operating an automated child support system (CASES) since even before such a system was mandated by Federal law, the Budget Analyst questions the validity of the State's passing on such a Federal penalty to San Francisco. As such, the Finance and Labor Committee should request that the City Attorney prepare a resolution for consideration by the Board of Supervisors urging the State Legislature not to assess a penalty against San Francisco. Mr. Ed Harrington of the Controller's Office concurs with this suggestion of the Budget Analyst.

Recommendations:

1. Approve the proposed supplemental appropriation ordinance.

2. Request that the City Attorney prepare a resolution for subsequent consideration by the Board of Supervisors, urging the State Legislature not to assess a Federal penalty against San Francisco with regard to the Federally mandated computerized Child Support Enforcement System, in accordance with Comment No. 2 above.

Attachment I

CASES Consortium Costs
Estimated Proration to Member Counties
Fiscal Year 1998-99

	Open Cases	Production Deliverables	Release Deliverables	Operations Support	Total
Gross CASES Consortium Costs		1,912,000	110,000	78,000	2,100,000
Less 66 % Federal Share:		1,261,920	72,600	0	1,334,520
Less 17 % State Share:		325,040	18,700	0	343,740
Less 100 % State Share:		0	0	78,000	78,000
Net Costs to be Paid by Member Counties		325,040	18,700	0	343,740
Member County Shares Based on Open Caseload					
Alpine	166	218	0	0	218
Amador	3,639	4,777	0	0	4,777
Colusa	2,031	2,666	0	0	2,666
DelNorte	4,089	5,368	0	0	5,368
Inyo	1,866	2,450	0	0	2,450
Kings	9,710	12,747	3,740	0	16,487
Lake	5,959	7,823	0	0	7,823
Mariposa	960	1,260	0	0	1,260
Modoc	1,049	1,377	0	0	1,377
Mono	622	817	0	0	817
Plumas	1,560	2,048	0	0	2,048
San Francisco	30,972	40,661	0	0	40,661
San Luis Obispo	8,096	10,628	0	0	10,628
Santa Clara	74,869	98,288	3,740	0	102,028
Sierra	181	238	0	0	238
Siskiyou	5,065	6,649	0	0	6,649
Solano	25,977	34,103	3,740	0	37,843
Sonoma	20,191	26,507	3,740	0	30,247
Sutter	7,245	9,511	0	0	9,511
Trinity	1,097	1,440	0	0	1,440
Tulare	42,249	55,464	3,740	0	59,204
Total Member Shares	247,593	325,040	18,700	0	343,740

Non Participating Members
Contra Costa
Santa Cruz
Tuolumne

CASES Consortium Budget Estimate
Fiscal Year 1998-99

Position Title	No. of Positions	Professional Hours	Hourly Rate	Cost
Project Manager	1	2,000	$150	$300,000
Data Base Administrator	1	2,000	$125	250,000
Quality Assurance Analyst	1	2,000	$125	250,000
Senior Programmer Analyst	2	2,000	$125	500,000
Programmer Analyst	4	2,000	$100	800,000
Total	9	10,000		$2,100,000

CASES Consortium Professional Service Contract Summary
Informatix, Inc.
Fiscal Year 1998-99

Task	Deliverable	Costs
Production Deliverables (Fixed price paid upon completion of Deliverable)		
Design PRWORA Distribution Basis	Technical Design Document	320,850
Develop and Implement PRWORA Distribution	Product in Production	392,150
Design PRWORA Reporting Basis	Technical Design Document	145,350
Develop and Implement PRWORA Reporting	Product in Production	177,650
Design Year 2000 Plan for CASES System Basis	Technical Design Document	32,625
Year 2000 Modifications	Product in Production	39,875
Federal Level I Requirements Design Document Basis	Technical Design Document	244,350
Federal Level I Required Enhancements	Product in Production	298,650
Efficiency or Other Mandated Enhancements Design Document Basis	Technical Design Document	117,225
Efficiency or Other Mandated Enhancements	Product in Production	143,275
Subtotal - Production Deliverables		1,912,000

Task	Deliverable	Costs
Release Deliverables (Fixed price paid upon completion of Deliverable)		
Prepare PRWORA Distribution Release to Non-HWDC Counties	Delivery of Release Document and Tapes	10,000
PRWORA Distribution Documentation	Operational Documentation	12,000
Prepare PRWORA Reporting Release to Non-HWDC Counties	Delivery of Release Document and Tapes	10,000
PRWORA Reporting Documentation	Operational Documentation	12,000
Prepare Year 2000 Release to Non-HWDC Counties	Delivery of Release Document and Tapes	10,000
Year 2000 Documentation	Operational Documentation	12,000
Prepare Federal Level I Release to Non-HWDC Counties	Delivery of Release Document and Tapes	10,000
Federal Level I Documentation	Operational Documentation	12,000
Efficiency or Other Mandated Enhancements Documentation	Delivery of Release Document and Tapes	10,000
Prepare Efficiency or Other Mandated Enhancements Release to Non-HWDC Counties	Operational Documentation	12,000
Subtotal - Release Deliverables		110,000
CASES System Operations Support of Counties Using HWDC ($13,000 monthly for six months from Jan. thru June, 1999)		78,000
Total CASES Consortium Contractual Services		2,100,000

Item 10 – 99-0582

Note: This report is based on an Amendment of the Whole submitted to the Finance and Labor Committee by the Department of Human Services on April 7, 1999.

Department: Department of Human Services (DHS)

Item: Resolution urging the Department of Human Services to enter into a contract with the Tenderloin Housing Clinic in order to secure low-income housing units at the Seneca Hotel for the County Adult Assistance Program clients and other low-income persons, and urging the Tenderloin Housing Clinic to enter into a master lease with the owners of the Seneca Hotel.

Contract Amount: $160,563 for FY 1998-99 funding from May 1, 1999 through June 30, 1999. $599,642 for full year funding in the proposed FY 1999-2000 DHS budget.

Source of Funds: For FY 1998-99 costs of $160,563, DHS would fund the contract from appropriated, but unspent General Fund dollars. For FY 1999-2000 costs of $599,642, DHS would fund the contract from General Fund dollars requested by DHS in its FY 1999-2000 DHS budget.

Contract Period: May 1, 1999 through April 30, 2009 (ten years)

Description: The proposed resolution would urge DHS to enter into a contract with the Tenderloin Housing Clinic (THC), which is a nonprofit organization that provides rental assistance to homeless persons whose lack of stable housing is a barrier to securing employment, in order for DHS to secure up to 204 low-income housing units for County Adult Assistance Programs (CAAP) and low-income clients of DHS, including clients enrolled in the Personal Assisted Employment Services (PAES) program.

On October 26, 1998, DHS implemented PAES as one of four programs under CAAP. PAES is a program that assists indigent adults in finding employment and staying employed. Under the PAES program, clients who are employable and who have successfully completed three months of workfare activities, which include assessment of employability, are referred to PAES for extensive case management, employment assistance and support services in order to assist them in becoming economically

self-sufficient. Mr. Dariush Kayhan of DHS reports that there are currently approximately 5,100 PAES clients. As of March 31, 1999, approximately 2,000 General Assistance (GA) clients still need to be transitioned into one of the CAAPs. According to Mr. Kayhan, DHS anticipates that all GA clients will be enrolled in a CAAP by June 1, 1999.

At the beginning of FY 1998-99, DHS implemented a Rental Subsidy Program for PAES program participants. DHS contracts with THC to perform the property management and administrative functions of the program. THC is a nonprofit organization that assists County Adult Assistance Programs (CAAP), Supplemental Security Income (SSI), and other low-income individuals in obtaining permanent and affordable housing by negotiating the rent and terms of the lease with potential landlords.

According to Mr. Kayhan, DHS implemented the Rental Subsidy Program because over 1,100 residential rental units have been taken off of the market since 1990. In addition to the tight housing market in San Francisco, Mr. Kayhan explains that 643 units located in residential hotels, which have historically been rented to low-income tenants, have been destroyed by fire in the past 18 months, exacerbating the difficulty of securing low-income units in the private market. Attachment I provided by DHS lists the names and locations of these hotels which have been destroyed by fire.

Attachment II is a memorandum submitted by Ms. Julie Brenman of DHS describing how the program works, the funding for the program, including how the subsidy is calculated, the purpose of the resolution, and identifies the specific types of DHS program clients who would be eligible to participate in the Rental Subsidy Program at the Seneca Hotel. The PAES Rental Subsidy Program provides a rental subsidy for up to a maximum of $150 per month, on a cases by case basis, for up to 12 months. According to Ms. Brenman, the rental subsidy may be extended for an additional 15 months for a total of 27 months if the client is making progress in his or her

employment plan, but has not been able to secure enough income for rent.

According to Ms. Brenman, the costs for operating the Rental Subsidy Program at the Seneca Hotel would be $258,483 paid to THC for the two month period from May 1, 1999 through June 30, 1999 for the anticipated utilization of 122 rooms at an average room rent paid by tenants of $400 per month, as described below:

Category	Amount
Salaries and Benefits	$56,811
Operating Expenses (including rental payment of $110,002)	171,972
Capital Expenses	29,700
Total Costs	**$258,483**

The total cost to DHS for operating the program at the Seneca Hotel from May 1, 1999 through June 30, 1999 would be $160,563, or $258,483 less $97,920 from anticipated tenant rental income paid by the program participants to THC. According to Ms. Brenman, staff would be hired in April in anticipation of the program becoming operational on May 1, 1999. Ms. Brenman states that the department plans on funding these costs with savings achieved due to the underutilization of the program, as explained in Attachment II. Attachment III provided by DHS contains additional budget details for this subject request for FY 1998-99 of $160,563 including salaries/benefits costs, operating expenses, and capital expenses. The total estimated annual costs of this Seneca Hotel Master Lease Program for PAES clients is $1,480,922, $599,642 to be paid by the City's General Fund from the proposed FY 1999-2000 DHS budget and $881,280 to be paid by program participants for tenant rents. The FY 1999-2000 payment of the $599,642 City General Fund contribution will be conditioned on the approval of the DHS proposed FY 1999-2000 budget by the Mayor and the Board of Supervisors.

The total estimated costs to operate the PAES Rental Subsidy Program at the Seneca Hotel for FY 1999-2000 of $1,480,922 are as follows:

Category	Amount
Salaries and Benefits	$335,988
Operating Expenses (including rental payments by program participants of $660,012)	1,130,434
Capital Expenses	14,500
Total Costs	**$1,480,922**

Attachment IV provided by DHS contains additional budget details to support the projected expenditures of $1,480,922 for FY 1999-2000, including the salary/benefit, operating, and capital expenses. The proposed cost to DHS of $599,642 would be from the proposed FY 1999-2000 DHS General Fund Budget and paid directly to THC. The proposed DHS contribution of $599,642 plus anticipated tenant rental income of $881,280 would meet the proposed annual operating budget of $1,480,922. While the Rental Subsidy Program is designed to serve up to 270 PAES participants per year, only 40 PAES participants are currently enrolled because of the low vacancy rates of low-income housing, according to Ms. Brenman. Ms. Brenman explains that this lack of low-income housing is DHS's reason for seeking this opportunity to secure additional low-income housing for its clients by paying $599,642 of FY 1999-2000 General Fund dollars to THC. The 40 PAES clients are living in three residential hotels with whom DHS has been working since the inception of the Rental Subsidy Program. These three hotels are listed below:

Name	Location	Average Monthly Room Rent	# of Clients
Windsor Hotel	238 Eddy St.	$400	23
Pacific Bay Inn	520 Jones St.	$400	4
Seneca Hotel	34 Sixth St.	$400	13

According to Mr. Kayhan, DHS anticipates that all 204 units in the Seneca Hotel would become available for PAES participants as a result of this proposed agreement. The exact date upon which all of the units would become available is not known, according to Mr. Kayhan, because it is unknown when all of the existing tenants would move out of the facility.

The proposed resolution also urges THC to enter into a ten-year lease with the Seneca Hotel, in order for DHS to secure the housing units for its PAES clients on a long term basis. The annual rental cost for this ten-year lease is $660,012, paid for by THC from tenant rental income estimated to be $881,280 for FY 1999-2000 to the Seneca Hotel. THC would form City Housing, Inc., a separate nonprofit organization, to lease and manage the residential housing.

Comments:

1. In page four of Attachment II, Ms. Brenman explains that the projected tenant rental income for FY 1998-99 was calculated by presuming 60 percent occupancy of 204 units for two months multiplied by the average $400 monthly rent. The projected tenant rental income for FY 1999-2000 was calculated by presuming 90 percent occupancy of 204 units for 12 months multiplied by the average $400 monthly rent. The average $400 monthly rent reflects the rent for all Seneca Hotel tenants, not just those in the Rental Subsidy Program. Ms. Brennan reports that DHS allocated $240,000 for the rental subsidy payments for FY 1998-99 and $305,000 for the subsidies for FY 1999-2000.

2. The Seneca Hotel is owned by 32-40 Sixth Street LLC, and was selected, as explained in Attachment II, because of its positive working relationship with THC.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

SRO HOTEL ROOMS LOST TO FIRE

(Since 1988)

HOTEL	ADDRESS	DATE	# UNITS LOST	STATUS
Dudley	160 6th St.	April 22,1988	100	
Hacienda	580 O'Farrell	1988	70	Weekly & Daily
Holland	1411 Stockton	1989	55	No GA or SSI
Vincent	457 Turk	1990	100	No GA
Folsom	1082 Folsom	September 8,1993	47	Tourist
St. George	395 Eddy	1995	36	No GA
Grand Southern	1941 Mission	1996	58	Reopened 8/97
Delta	88 6TH St	August 11,1997	180	Vacant/ non-prof
Star	2176 Mission	1997	53	Closed for repai
Leland	1350 Polk	December 22,1998	90	Vacant
Jerry	16th St	September 11,1998	20	Vacant
Thor	2084 Mission	December 29,1998	50	Vacant
Hartland	909 Geary	February 12,1999	150	Vacant
Park	325 Sutter	March 2,1999	100	Vacant

1109 TOTAL UNITS LOST SINCE 1988

City and County of San Francisco　　Department of Human Services

Will Lightbourne
Executive Director

Deputy Directors
Bill Bettencourt
Jim Buick
Sally Kipper

MEMORANDUM

April 8, 1999

TO: Shirly Lee, Budget Analyst

FROM: Julie Brenman, Director of Planning and Budget

RE: **Seneca Hotel Master Lease**

The Department of Human Services plans to enter into a contract with the Tenderloin Housing Clinic (THC), who, in turn will enter into a master lease agreement to take over the operations of the Seneca Hotel effective May 1, 1999. DHS will use savings in the FY 1998-99 budget to fund the operating costs in the current fiscal year. By master leasing the Seneca Hotel we will secure up to 204 units for PAES (Personal Assisted Employment Services) clients who are currently homeless and ensure long-term housing affordability for the PAES clients.

Background

In October 1998, DHS implemented a rental subsidy program for PAES program participants for whom homelessness was a barrier to securing employment. This program was developed to address the rental market changes in San Francisco whereby housing that was available to low-income tenants has become extremely difficult to find. Since 1990 over 1000 residential units have been taken off of the market. In addition to the tight housing market, many of the residential hotels that traditionally rented to these tenants have been destroyed by fire. In the past year and a half alone, 643 of these units have been lost to fires. In response to the difficulty of securing units in the private market, DHS is proposing a new master leasing program to be conducted in partnership with the Tenderloin Housing Clinic.

PAES Rental Subsidy Program

The PAES Rental Subsidy Program, operated by the Tenderloin Housing Clinic as a contractor with DHS, provides a time-limited rental subsidy to PAES Program participants for whom lack of stable housing is a barrier to employment. A PAES client is eligible for the subsidy once s/he has created an employment plan and deemed to be lacking stable housing. The subsidy is initially limited to 12 months, with a possibility of extensions up

(415) 557-5000　　P.O. Box 7988　　San Francisco, California 94120

to a maximum of 27 months. (The subsidy can be extended when a PAES client is positively progressing in his/her employment plan, but has been unable to secure enough income to pay for the rent on his/her own.) The subsidy is calculated based on the difference between the $300 per month tenants are required to contribute (from their $355 PAES grant) and the actual housing unit rent up to $100 per month. Because of the increasingly expensive rental market, DHS authorized THC to begin providing subsidies up to a maximum of $150 per month, on a case by case basis. The program is designed to serve up to 270 people per year, but currently only 40 people are enrolled because of the overall increase in rents for existing units caused by high demand and low vacancy rates.

Description of Program and Building

The Seneca Master Lease program will allow THC to enter into a ten year lease with the Seneca Hotel, a 204 unit residential building located on Sixth Street in San Francisco. The building is partially occupied by permanent tenants (about 130), many of whom (89) are participants in THC's Modified Payment Program (MPP). The PAES subsidy program would initially secure 84 units that are currently licensed for tourist use. As a condition of the DHS contract with THC, all future vacancies at the Seneca would be made available to participants of the PAES rental subsidy program, (a subset of the participants of the MPP program) that are referred to THC by the PAES Employment Specialists.[1] Rents and subsides would be administered by THC as is the current practice of MPP. Pending the DHS Commission and Board of Supervisors approval, the program could begin operating the Seneca hotel on May 1, 1999.

This program will benefit DHS and its clients by securing more low-income housing and keeping it affordable for persons participating in welfare to work activities. The Tenderloin Housing Clinic will also be able to make more referrals and increase the number of clients served by the PAES rental subsidy program. This will create a better environment for the clients by increasing the support services available there, as well as increasing the staff on site so it will be a safer, better maintained building.

Because the PAES rental subsidy program has been underutilized, DHS and THC jointly sought ways to increase its effectiveness. The primary difficulty had been in securing affordable units for the PAES rental subsidy clients. As a modification to the existing contract with THC, DHS has encouraged THC to identify ways to gain access to more units of affordable housing. THC identified the Seneca Hotel as an appropriate site and the owners[2] demonstrated a willingness to lease their hotel to THC. The owners took over

---

[1] The contract with THC is currently being negotiated. DHS will propose the following language be included: "THC will lease the Seneca Hotel for the purpose of placing PAES subsidy clients in permanent housing. All new clients placed in the Seneca Hotel will be referred by DHS Employment Specialists to THC for the PAES rental subsidy program. All new clients placed at the Seneca Hotel will be enrolled in THC's Modified Payment Program and the PAES rental subsidy program. All clients living in the Seneca Hotel will be eligible to participate in support services offered through THC."

[2] The Seneca is owned by 32-40 Sixth Street LLC.

the building a few years ago and have an established relationship with THC. They have indicated they will only work with THC based on their established relationship. The owners will benefit by getting out of the property management business and receiving a stable source of income on their building. It is likely that this program will make the hotel a more attractive piece of property.

Funding

DHS will fund the Seneca master lease program in the current fiscal year with savings achieved due to the underutilization of the PAES rental subsidy program. The DHS funded operating costs for April – June 1999 will be $160,563 (staff will be hired in April in anticipation of the program becoming operational on May 1, 1999). Because of the underutilization of the PAES rental subsidy program, we are able to redirect savings in that contract to this new proposal to master lease the Seneca Hotel. The original 10-month budget for the PAES rental subsidy program was $328,333. Of the $328,333, $240,000 was dedicated to rental subsidy payments and the balance was for staff/operating costs. As of March, only $4,000 in rental subsidy payments had been made. In addition, one of the two staff persons was not hired until April, so there were additional savings in the staff budget. We are proposing to redirect $160,563 to the Seneca Master Lease.

DHS will pay THC for the operating costs of the Seneca (and will continue to pay THC for the costs of running the PAES rental subsidy program). THC will take over the operation of the entire 204 unit hotel on May 1, 1999 even though some of the rooms are already occupied by other low-income tenants. The project budget pays for the lease of the hotel, a property management specialist, a hotel manager, and desk and maintenance staff. The annual cost of the lease is $660,012 (or $6,600,120 over the ten-year master lease period). DHS anticipates providing an annual appropriation in the amount of $600,000 to fund the operating costs of the Seneca Hotel. The average operating cost per room per month is $605. The average rent we anticipate receiving on the rooms is $400 (tenants currently pay between $300 and $550).

On the next page I summarize the expenditures and revenues for the project. Note all DHS funds are county general fund; the balance of funding for the project comes from tenant rents. The detailed budgets that support these figures are attached.

SENECA MASTERLEASE SUMMARY BUDGET

	FY 1998-99 (April - June)	FY 1999-00 (12 months)	
Expenditures			
Staff	56,811	335,988	12.4 FTE with 22% benefits
Operating Costs	171,972	1,130,434	Includes property rental at $55,001 per month
Equipment	29,700	14,500	
Total	258,483	1,480,922	
Revenues			
DHS General Fund	160,563	599,642	County general fund
Tenant Rents	97,920	881,280	In FY 1998-99, assumes 60% occupancy (of 204 units) for 2 months with an ave. rent of $400; in FY 99-00, the occupancy increases to an ave. of 90% over 12 months.
Total	258,483	1,480,922	

I hope this answers all of your questions. If you need additional information, call me at 557-5641.

Attachments

FY 98-99 Detailed Budget
FY 99-00 Detailed Budget
Summary of hotels lost to fire since 1988

TOTAL P.05

FY 98-99

ATTACHMENT III

Addendum ____ Page ___
Document Date ________

DEPARTMENT OF SOCIAL SERVICES CONTRACT BUD BY PROGRAM

Contractor's Name	Contract Term

Check One New Renewal		Modification		
If modification, Effective Date of Mod.		No. of Mod.		
Program				Total
Budget Reference Page No.(s)				
Program Term				
Expenditures				
Salaries & Benefits	$	$56,811	$	$
Operating Expense	$	$171,972	$	$
Capital Expenditure	$	$29,700	$	$
Subtotal	$	$258,483	$	$
Indirect Cost				$
Indirect Percentage (%) of direct cost (Line 16)				
Total Expenditures	$	$258,483	$	$
DSS Revenues	$	$	$	$
TOTAL DSS REVENUES	$	$160,563	$	$
Other Revenues				
Rental Income		$97,920		
Total Revenues	$		$	$
Full Time Equivalent (FTE)				
Prepared by:		Telephone No.:		Date
DSS-CO Review Signature:	______________			

DSS #1 4/8/96 0:00

FY 98-99

Addendum ___ Page ___
Document Date________

ATTACHMENT III
Page 2 of 4

Program Name ____________________
(Same as Line 9 on DSS #1)

Salaries & Benefits Detail

TERM POSITION TITLE	PREVIOUS TRANSACTION FTE	PREVIOUS TRANSACTION SALARIES	PROPOSED TRANSACTION FTE	PROPOSED TRANSACTION SALARIES	INCREASE DECREASE
Hotel Manager			1.0	6,000	
Assistant Manager			1.0	4,167	
Desk Clerks			6.4	22,400	
Head of Maintenance			1.0	4,000	
Maintenance Staff			3.0	10,000	
TOTALS		$		$46,567	$

EMPLOYEE FRINGE BENE ____%		$	0.22	$10,245	$
TOTAL SALARIES & BENEFITS		$		$56,811	$

DSS #2 4/8/96 0:00

FY 98.99

ATTACHMENT III

Addendum ____ Page ___
Document Date________

Program Name________________________________
(Same as Line 9 on DSS #1)

Operating Expense Detail

Expenditure Category	TERM	PREVIOUS TRANSACTION	PROPOSED TRANSACTION	INCREASE (DECREASE
Rental of Property			$110,002.00	
Utilities(Elec. Water, Gas, Scavenger)			$20,000.00	
Telephone			$3,500.00	
Office Supplies, Postage			$500.00	
Building Maintenance Supplies and Repair			$8,000 00	
Printing and Reproduction			$100.00	
Insurance			$6,700.00	
Staff Training			$600.00	
Professional Services			$2,250.00	
CONSULTANT/SUBCONTRACTOR DESCRIPTIVE TITLE				
Property Management Fee			$16,320.00	
Elevator Maintenance Contract			$2,000.00	
Initial Inspection Fee			$2,000.00	
OTHER				
TOTAL OPERATING EXPENSE		$	$171,972.00	$

DSS #3 4/8/96 0:00

FY 98-99

ATTACHMENT III

Addendum _____ Page _____
Document Date __________

Program Name ______________________________
(Same as Line 9 on DSS #1)

Capital Expenditure Detail
(Equipment and Remodeling Cost)

EQUIPMENT

No.	ITEM/DESCRIPTION	PURCHASE COST EACH	TOTAL COST	Life/	Year epr'	NSACT DEPR'N	NSACT DEPR'N
2	Computer and software	1,500	3,000	[redacted]			
	Office Furniture	$	1,000				
	Maintenance Equipment	$	700				
	Security Equipment	$	15,000				
		$	$				
		$	$				
		$	$				
		$	$				
	TOTAL EQUIPMENT COST		19,700			[redacted]	

REMODELING

Description:

Cosmetic Remodeling	10,000	

TOTAL REMODELING COST	10,000	$	$
TOTAL CAPITAL EXPENDITURE (Equipment and Remodeling Cost)	29,700	$	$

DSS #4 **4/8/96 0:00**

FY 99-00

ATTACHMENT IV

Page 1 of 4

Addendum ____ Page ___
Document Date _3/15/99_

DEPARTMENT OF SOCIAL SERVICES CONTRACT BUD BY PROGRAM

Contractor's Name	Contract Term
Tenderloin Housing Cinic, Inc.	7/1/99 to 6/30/00

Check One New Renewal Modification
If modification, Effective Date of Mod. No. of Mod.

Program				Total
Budget Reference Page No.(s)				
Program Term				
Expenditures				
Salanes & Benefits	$	$335,988	$	$
Operating Expense	$	$1,130,434	$	$
Capital Expenditure	$	$14,500	$	$
Subtotal	$	$1,480,922	$	$
Indirect Cost				$
Indirect Percentage (%) of direct cost (Line 16)				
Total Expenditures	$	$1,480,922	$	$
DSS Revenues	$	$	$	$
TOTAL DSS REVENUES	$	$599,642	$	$
Other Revenues Rental Income		$881,280		
Total Revenues	$		$	$
Full Time Equivalent (FTE)				

Prepared by: Kerry Abbott Telephone No.: 771-2427 Date 3/15/99

DSS-CO Review Signature: ____________________

DSS #1 4/8/96 0:00

FY 99-00

ATTACHMENT IV

Addendum ___ Page ___
Document Date 3/15/99

Program Name: Seneca Project
(Same as Line 9 on DSS #1)

Salaries & Benefits Detail

POSITION TITLE	PREVIOUS TRANSACTION TERM: 4/1/99 to 6/30/99 FTE	SALARIES	PROPOSED TRANSACTION 7/1/99 to 6/30/00 FTE	SALARIES	INCREASE DECREASE)
Hotel Manager	1.0	6,000	1.0	30,000	
Assistant Manager	1.0	4,167	1.0	25,000	
Desk Clerks	6.4	22,400	6.4	134,400	
Head of Maintenance	1.0	4,000	1.0	23,000	
Maintenance Staff	3.0	10,000	3.0	63,000	
TOTALS	12.4	$46,567	12.4	$275,400	$
EMPLOYEE FRINGE BENE	22%	$10,245	0.22	$60,588	$
TOTAL SALARIES & BENEFITS		$56,811		$335,988	$

DSS #2

FY99-00

ATTACHMENT IV
Page 3 of 4

Addendum __
Document Dat

Program Name________________________________
(Same as Line 9 on DSS #1)

Operating Expense Detail

Expenditure Category	TERM	PREVIOUS TRANSACTION	PROPOSED TRANSACTIO
Rental of Property		$110,002.00	$660,012.00
Utilities(Elec, Water, Gas, Scavenger)		$20,000.00	$120,000 00
Telephone		$3,500.00	$13,000.00
Office Supplies, Postage		$500.00	$3,000.00
Building Maintenance Supplies and Re		$8,000.00	$42,000.00
Printing and Reproduction		$100.00	$1,200.00
Insurance		$6,700.00	$40,000.00
Staff Training		$500.00	$800.00
Professional Services		$2,250.00	$18,000 00
CONSULTANT/SUBCONTRACTOR DESCRIPTIVE TITLE			
Property Management Fee		$16,320.00	$97,920.00
Elevator Maintenance Contract		$2,000.00	$12,000.00
Initial Inspection Fee		$2,000.00	
OTHER			
Security Deposit			$82,501 50
Contingency Fund			$40,000.00
TOTAL OPERATING EXPENSE		$171,972.00	$1,130,434 ~~###########~~

DSS #3

FY 99.00

ATTACHMENT IV

Addendum _____ Page ___
Document Date__________

Program Name________________________________
(Same as Line 9 on DSS #1)

Capital Expenditure Detail

(Equipment and Remodeling Cost)

EQUIPMENT

No.	ITEM/DESCRIPTION	PURCHASE COST EACH	TOTAL COST
2	Computer and software		
	Office Furniture	$	500
	Maintenance Equipment	$	2,000
	Security Equipment	$	2,000
		$	$
		$	$
		$	$
		$	$

TOTAL EQUIPMENT COST 4,500

REMODELING

Description:

Cosmetic Remodeling	10,000

TOTAL REMODELING COST 10,000

TOTAL CAPITAL EXPENDITURE 14,500
(Equipment and Remodeling Cost)

254
199

City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Wednesday, April 21, 1999 **10:00 AM** **City Hall, Room 263**

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:10 a.m.

REGULAR AGENDA

990245 **[Appropriation, Public Utilities Commission]**

Ordinance appropriating $690,000, Public Utilities Commission, from Water Fund Balance, $460,000 from Hetchy Fund Balance and $690,000 from Clear Water Fund (a total of $1,840,000) to fund the cost of remodeling at 875 Stevenson Street in order to accommodate the PUC staff for fiscal year 1998-1999. (Controller)

(Fiscal impact.)

2/10/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

4/14/99, CONTINUED. Heard in Committee. Speakers: Phil Arnold, Public Utilities Commission; Supervisor Ammiano; Supervisor Yee. Continued to April 21, 1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Michael Quan, Public Utilities Commission; Supervisor Ammiano; Supervisor Yee; Phil Arnold, Public Utilities Commission.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance appropriating $690,000, Public Utilities Commission, from Water Fund Balance, $306,855 from Hetchy Fund Balance and $306,855 from Clean Water Fund (a total of $1,303,710) to fund the cost of remodeling at 875 Stevenson Street in order to accommodate the PUC staff for fiscal year 1998-1999; placing $91,400 on reserve. (Controller)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990604 [Tire Recycling Grant Program]

Resolution authorizing the Mayor's Office of Community Development to accept and expend, up to $25,000 in Tire Recycling Grant Funds from the California Integrated Waste Management Board, (CIWMB); waiving indirect cost. (Mayor)

3/30/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Harvey Rose, Budget Analyst; Jon Pon, Mayor's Office of Community Development.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990609 [Emergency Repair, Anza Street Sewer]

Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate brick sewer on Anza Street from 7th Avenue to 8th Avenue - $194,291. (Public Utilities Commission)

3/31/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Harvey Rose, Budget Analyst; Robert Badgley, Public Utilities Commission; Supervisor Bierman; Supervisor Yee.

RECOMMENDED.. by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990610 [Airport Concession Lease]

Resolution approving the New International Terminal Newsstand Lease between CalStar Retail, Inc., a Small Business Enterprise Set-Aside, and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

3/31/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros.

RECOMMENDED.. by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990611 [Airport Concession Lease]

Resolution approving the New International Terminal Nature Theme Store lease between Discovery Channel Stores, Inc., and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

3/31/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros.

RECOMMENDED.. by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990612 [Airport Concession Lease]

Resolution approving the New International Terminal Golf Shop Lease between Golf on the Avenue, Inc., and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

3/31/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros.

RECOMMENDED.. by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990673 [Lease Agreement, Airport - South City Industrial Company, LLC]

Resolution approving lease agreement for office/warehouse space at 245 South Spruce Avenue, South San Francisco, between South City Industrial Company, LLC, as lessor, and the City and County of San Francisco, acting by and through its Airport Commission, as lessee. (Airport Commission)

4/7/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros; Supervisor Yee; Supervisor Ammiano.

RECOMMENDED.. by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990684 [1999 Affordable Housing Bond Sale]

Supervisor Bierman

Resolution authorizing and directing the sale of not to exceed $20,000,000 City and County of San Francisco taxable general obligation bonds (Affordable Housing) Series 1999A; prescribing the form and terms of said bonds; authorizing the execution, authentication and registration of said bonds; providing for the appointment of depositories and other agents for said bonds; providing for the establishment of accounts related thereto; approving the forms of official notice of sale of bonds and notice of intention to sell bonds; directing the publication of notice of sale and notice of intention to sell bonds; approving the form and execution of the official statement relating thereto; approving the form of the continuing disclosure certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to city officials to take necessary actions in connection with the authorization, issuance sale and delivery of said bonds.

4/12/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Marcia Rosen, Director, Mayor's Office of Housing; Laura Opsahl, Mayor's Office, Public Finance; Supervisor Ammiano.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990431 [Appropriation, Ethics Commission]

Ordinance appropriating $56,000, Ethics Commission, from the General Fund Reserve to an On-Line Electronic Filing Program through a work order with the Department of Telecommunication Systems (DTIS) for fiscal year 1998-1999. (Controller)

2/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ginny Vida Executive Director, Ethics Commission; Supervisor Ammiano; Paul Melbostad, Ethics Commissioner; Charles Marsteller, S.F. Common Cause; Supervisor Ammiano; Supervisor Yee.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990606 **[Health Service Trust Fund Contribution]**

Resolution establishing monthly contribution amount to Health Service Trust Fund (City and County of San Francisco, Unified School District, and Community College for fiscal year 1999-2000). (Department of Human Resources)

(Fiscal impact.)

3/29/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ann Summercamp, Health Service System; Kay Walker, S. F. Retirees' Association; Jean Thomas; Supervisor Yee.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990626 **[Home Health Contractual Services]**

Supervisors Ammiano, Bierman

Resolution authorizing the Department of Public Health to expend funds and add staff resources to replace grant funded home health contractual services with services provided by City staff.

4/5/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Monique Zmuda, Department of Public Health.

RECOMMENDED.. by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990678 **[Reserved Funds, Dept. of Public Health]**

Hearing to consider release of reserved funds, Department of Public Health, (proceeds from sale of Bonds, File 101-97-17, Ordinance No. 369-97), in the amount of $86,950, to fund contractual services for the improvement of the CMED Building located at 2789 25th Street. (Department of Public Health)

4/7/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Monique Zmuda, Department of Public Health. Department directed to return to the Finance and Labor Committee after the preliminary design is complete, present the various design components, and give an indication of how the remainder of the reserved money will be spent.

APPROVED AND FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990508 **[Commuter Choice Program]**

Supervisors Ammiano, Newsom, Bierman

Resolution authorizing the Department of Administrative/Commute Assistance Program to create and implement commuter choice programs enabling employers to offer employees the option to "pre-tax" commute-related transportation expenses under Section 132 of the Internal Revenue Code of 1986, as amended.

3/15/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Supervisor Ammiano; Harvey Rose; Budget Analyst; Supervisor Yee. Amended on page 1, line 3, after "implement" add "a one-year pilot"; and on line 4, change "programs" to "program". On page 2, line 16, after "year", add "to determine if the program shall be permanently established." New title.

AMENDED.

Resolution authorizing the Department of Administrative/Commute Assistance Program to create and implement a one-year pilot commuter choice program enabling employers to offer employees the option to "pre-tax" commute-related transportation expenses under Section 132 of the Internal Revenue Code of 1986, as amended.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990627 [Lease of Real Property, Windsor Hotel]

Supervisor Ammiano

Resolution authorizing and approving the master lease by and between the City and County, for the Department of Public Health, as tenant, and Michael J. Bovo Associates Incorporated, as landlord, for the Windsor Hotel, located at 238 Eddy Street.

(Fiscal impact.)

4/5/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 5/5/1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Monique Zmuda, Department of Public Health; Supervisor Ammiano; Supervisor Bierman; Mark Trass, Department of Public Health. Oppose: Edward Evans, Eric James.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution authorizing and approving the master lease by and between the City and County, for the Department of Public Health, as tenant, and 238 Windsor Associates, as landlord, for the Windsor Hotel, located at 238 Eddy Street.

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

SPECIAL ORDER - 11:00 A.M.

990311 [MBE/WBE/LBE Program]

Supervisor Yee

Hearing to consider the status of the City's Minority Business Enterprise/Women Business Enterprise/Local Business Enterprise (MBE/WBE/LBE) program, specifically if the departments are on track for meeting their goals and the status of the Human Rights Commission's implementation of a data tracking system.

2/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

3/31/99, CONTINUED TO CALL OF THE CHAIR. Heard in Committee. Speakers: Marie Harrison; Ileen Hernandez.

Heard in Committee. Speakers: Supervisor Yee; Ted Lakey, Deputy City Attorney; John Madden, Assistant Controller; Marivie Bamba, Human Rights Commission; Robert Carlson; Department of Public Works; Arnold Baker, Chief of Staff, Municipal Railway; Veronica Sanchez, S.F. Port; Sandra Crumpler, Airport Commission; Supervisor Brown; Edwin Lee, Purchasing; Ileen Hernandez; Harold Yee, Coalition on Economic Equity; Daryl Bishop, Lets Get Busy Contractors; Marie Harrison; Oran Stellstrom; Willie Ratcliffe; Sam Quan; Stanley Chan; Supervisor Bierman; Supervisor Ammiano.

CONTINUED TO CALL OF THE CHAIR by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 1:05 p.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

April 16, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: April 21, 1999 Finance and Labor Committee Meeting

Item 1 - File 99-0245

Note: This item was continued by the Finance and Labor Committee at its meeting of April 14, 1999.

Department: Public Utilities Commission (PUC)

Item: Supplemental appropriation of (1) $690,000 from Water Fund balance, (2) $460,000 from Hetch Hetchy Fund balance and $690,000 from Clean Water Fund balance, for a total of $1,840,000 to fund the cost of remodeling of office space at the 875 Stevenson Street building, to be used by PUC staff.

Amount: $1,840,000

Sources of Funds:

$690,000	Water Fund balance
460,000	Hetch Hetchy Fund balance
690,000	Clean Water Fund balance
$1,840,000	Total

Description: The proposed supplemental appropriation of $1,840,000 would be used to fund renovations, utility upgrades and furnishings for approximately 28,241 useable square feet of space, leased by the PUC, on the third floor at 875 Stevenson Street.

PUC's ten-year Capital Improvement Program from 1998 through 2008 reflects Program costs to improve the system's reliability, water quality and water supply at a cost of over $2 billion to complete. As part of this effort, in November of 1997, the San Francisco voters approved Water System Reliability and Seismic Safety Revenue Bonds of $157 million to provide funds for acquiring and constructing reliable and seismic safety improvements to the water system and approved Safe Drinking Water Revenue Bonds of $147 million to provide funds for acquiring and constructing safe drinking water improvements related to the City's water system. The total authorized amount for these two bonds is $304 million.

According to Mr. Phil Arnold of the PUC, in order to undertake these capital improvements for improved water treatment facilities, the PUC has been hiring additional staff for the necessary design and engineering phases of these projects with previously approved project funds. Mr. Arnold notes that the PUC's 1998-99 budget included funds and the authorization to hire 69 new FTE positions for the Utilities Engineering Bureau. Mr. Arnold reports that there are currently approximately 70 employees in PUC's engineering section and that the PUC is in the process of hiring an additional 50 employees for this section, for a total of 120 employees.

The PUC engineering staff is currently located in leased space at 1155 Market Street. These 70 PUC engineering positions currently occupy one entire floor, or approximately 12,000 square feet. Therefore, each of these employees has an average of approximately 171 square feet per person. However, Mr. Arnold reports that the staff is currently quite crowded in the existing space, using conference rooms, the file area and other space to accommodate the engineering staff. The PUC occupies four floors of the 1155 Market Street

facility, for a total of approximately 48,000 square feet.

Mr. Arnold reports that, by July 1, 1999, the PUC plans to locate 111 of the 120 PUC engineering employees to the 875 Stevenson Street location, which will have approximately 28,241 of useable square feet on the third floor for the 120 engineering positions, or an average of 254 square feet for each engineering position. This reflects an average increase of 49 percent, from 171 square feet to 254 square feet, or an average increase of 83 square feet per employee when compared with the existing staff level and space at 1155 Market Street. However, Mr. Arnold indicates this is not a fair comparison because of the overcrowded conditions of 1155 Market Street.

Mr. Steve Legnitto of the Real Estate Department reports that the PUC's lease at 875 Stevenson Street contains a total of 32,310 square feet, including 28,241 directly useable space for the PUC and an additional 4,069 square feet for the prorated share of the lobby and hallways. Mr. Legnitto indicates that based on the total net rentable 32,310 square feet of space, this lease, including utilities, janitorial and security services, will cost the PUC approximately $1.78 per square foot per month, resulting in a monthly total cost of $57,673 or approximately $692,076 annually. According to Mr. Tony DeLucchi of the Real Estate Department, the lease costs alone, without utilities, janitorial and security services, are approximately $1.33 per square foot per month, or $16 per square foot per year at 875 Stevenson Street.

Mr. Arnold reports that in November of 1998 the Public Utilities Commission approved this lease at 875 Stevenson Street for PUC engineering staff to occupy the third floor of the 875 Stevenson Street building. According to Mr. Legnitto, this space for the PUC was not subject to the Board of Supervisors approval because the space does not represent a new lease for the City. Rather, the City, through the Real Estate Department, has an existing lease for the 875 Stevenson Street

building, which was previously approved by the Board of Supervisors in 1994 and again amended in 1996. According to Mr. DeLucchi, now that various City departments have moved from 875 Stevenson Street to the renovated City Hall, the Real Estate Department is backfilling the vacated space at the 875 Stevenson Street facility, with the concurrence of the City Hall Policy Committee. Mr. DeLucchi reports that the City Hall Policy Committee, comprised of representatives from the Controller's Office, Treasurer's Office, Department of Administrative Services, Mayor's Office, Department of Public Works and other City staff representatives, have been meeting for over a year to provide direction and reuse of City Hall and the surrounding office space in the Civic Center.

The proposed space to be occupied by the PUC at 875 Stevenson Street was previously occupied by the Controller's and the Assessor's Offices, and for storage space for the Treasurer/Tax Collector's Office, prior to their move back to City Hall in January of 1999. According to Mr. Arnold, approximately 25 percent of the 28,241 square feet of useable space on the third floor is unfinished and was previously used for records storage.

Budget:

Tenant Improvements	$834,566
Architectural Fees	58,420
Furnishings	463,221
Construction Administration	56,436
Telecommunications	117,721
Moving Expenses	24,000
Total	$1,554,364

Although the proposed supplemental appropriation requests a total of $1,840,000, the current budget requirement, as provided by the PUC, the Department of Telecommunications and Information Services (DTIS) and the Real Estate Department, is $1,554,364, or $285,636 less than is being proposed in the supplemental appropriation. However, as explained in Comment 11 below, the

Mayor's Office requests that $91,400 of this amount be placed on reserve for consideration in connection with a future supplemental appropriation involving General Fund costs for the 875 Stevenson renovation and relocation.

Attachment 1, provided by the PUC, contains a detailed breakdown of the $463,221 being requested for all of the furnishings. Attachment 2 prepared by DTIS identifies the cost breakdown for the $117,721 of expenses of the Department of Telecommunications and Information Services. Attachment 3 provided by the Real Estate Department contains a detailed breakdown of the $834,566 for Tenant Improvements. The Architectural Fees of $58,420, which are seven percent of the Tenant Improvement costs of $834,566, are to be paid to Komourous-Towey Architects (KTA), who was selected by the administrator of the Mart, the landlord of 875 Stevenson Street. The Construction Administration Fee of $56,436, which is approximately 4.3 percent of the combined Tenant Improvement ($834,566) and Furnishings ($463,221) total of $1,297,787, which would be paid to the Mart, the landlord of 875 Stevenson Street, to oversee and manage the improvements and furnishings for the leased space.

Comments:

1. Mr. DeLucchi reports that the $1,554,364 estimated costs for the PUC to relocate into the 875 Stevenson Street facility have been revised downward from the $1,840,000 initially estimated in the subject supplemental appropriation due to the Real Estate Department's ongoing negotiations with the landlord of the building. According to Mr. DeLucchi, the major negotiations with the landlord of the 875 Stevenson Street facility for the PUC space have been completed, although, as with every project, there may be some minor additional adjustments in cost for the PUC.

2. Mr. Legnitto reports that the City originally entered into a lease for 150,000 square feet of space on five floors at the 875 Stevenson Street facility on

June 16, 1994. This lease was to expire in 1997, although there were two six-month extension options. In November of 1996, the Board of Supervisors approved an extension of the 875 Stevenson Street lease until November of 2002, because the City needed additional time to occupy the building and the City was considering a plan to purchase the 875 Stevenson Street facility. According to Mr. DeLucchi, the City is no longer considering the purchase of this building. The existing lease for the 875 Stevenson Street facility has three different options to extend the lease for from six months up to a total of 7.5 extra years (through May, 2010) beyond the current expiration of November, 2002, with the provision that the rent would be adjusted to 95 percent of the then prevailing market rental rates.

3. Mr. Legnitto notes that prior to the City occupying the 875 Stevenson Street facility in early 1995, the City spent approximately $5,280,000 to renovate and upgrade four floors of this building, or an amortized cost over the four-year period that these facilities were occupied of approximately $1,320,000 per year. Mr. Legnitto reports that the Department of Technology and Information Services (DTIS) moved in approximately a year later in 1996, incurring additional renovation costs of approximately $1,290,000, for a total renovation cost to the 875 Stevenson Street facility of $6,570,000. However, Mr. Legnitto notes that the lessor of 875 Stevenson Street provided a credit to the City of approximately a total of $2 million against the cost of tenant improvements incurred by the City, such that the City only incurred expenses of approximately $4,570,000 ($6,570,000 total less $2,000,000 credit) for such tenant improvements. Nevertheless, the initial renovation cost of $5,280,000 includes approximately $1,362,890 to renovate the third floor space, which the PUC is now proposing to expend an additional $1,554,364 to further renovate and upgrade the same space, which would result in total renovation

and upgrade expenses by the City of $8,124,364 for this leased facility since just 1995.

4. According to Mr. Legnitto and Mr. Charles Dunn of the Real Estate Department, the reasons the PUC needs to spend approximately $1,554,364 to renovate and furnish this space after approximately $1,362,890 was spent on this same space only approximately four years ago is because (1) the original $1,362,890 reflected only minimal tenant improvements to the space, (2) much of the original budgeted improvements, such as carpeting and electrical wiring, only had a useful life of three years, (3) the Americans With Disability (ADA) and other building code requirements have changed and (4) whenever one City department is replaced by another City department, some renovations are always required. Of the total $834,556 of tenant improvements, it should be noted that approximately $8,000 is to be spent to remove the existing carpeting and another $127,048 is to be spent on installing new carpeting for the third floor.

5. As previously noted, the City's lease at 875 Stevenson Street expires in November of 2002, although the City has three options to extend the existing lease for up to an additional 7.5 years (through May, 2010) at 95 percent of the then prevailing market rental rates. If the proposed supplemental appropriation is approved, the value of the tenant improvements ($834,566), architectural fees ($58,420), construction administration ($56,436) and most of the telecommunications ($80,590) costs, totaling $1030,012, would be lost if the City vacates the 875 Stevenson building in 2002, at an amortized cost of $343,337 per year for these renovations, over a three-year period. According to Mr. DeLucchi, it is likely, although he can make no assurances, that the PUC will remain in the 875 Stevenson Street facility for approximately five years, which would reduce the amortized cost of the proposed renovations to $206,002 per year. Mr. Arnold

reports that the furnishings to be purchased at an estimated cost of $463,221 would all be of a modular-type, which would allow the PUC to move such furnishings to a new location.

6. According to Mr. Legnitto, since the proposed lease was renegotiated in 1996, when lease rates were less expensive, the existing proposed lease rate of $1.33 per square foot per month payable by the PUC represents less than the current fair market value for such a building. Mr. DeLucchi estimates that the fair market value rate for a comparable lease is approximately $1.75 per square foot per month at this time, or approximately $.42 per square foot per month more than the rate at 875 Stevenson Street. Mr. DeLucchi notes that fully servicing the 875 Stevenson Street lease, which would include providing utility, security and janitorial costs, increases the 875 Stevenson facility costs to $1.78 per square foot per month, and that comparable servicing costs would be added to other market rate leases.

7. Mr. Arnold reports that the space proposed to be vacated, when approximately 70 engineering staff, currently located at 1155 Market Street, are relocated to 875 Stevenson Street, would be used for the PUC's project management, construction management and contract management staff, that are also currently expanding due to the capital improvement projects that need to be completed over the next ten years. According to Mr. Arnold, under the proposed supplemental appropriation, all new furnishings would be purchased for the 875 Stevenson Street facility. As shown in Attachment 4, provided by Mr. Arnold, a total of 66 new staff positions, subject to Board of Supervisors approval, are anticipated to be added from FY 1998-1999 through FY 2000-2001, to be located at 1155 Market Street, such that the existing furnishings at 1155 Market Street need to remain there for use by these new PUC staff that would use that vacated space.

When queried by the Budget Analyst regarding the need for an additional $463,221 of new office furniture, Mr. Arnold responded that this would provide all new office furnishings for the 111 staff that would be relocated to 875 Stevenson Street. A review of the specific furnishings reveals that the PUC is requesting to furnish four conference rooms (one large and three small) and 15 private offices, in addition to 96 work stations for the engineering and support staff. Mr. Arnold notes that the PUC engineering staff at 1155 Market Street currently have three small conference rooms and five private offices, and that given the number of staff working together on various projects, there is a great need for conference rooms and private offices where the staff can work together on projects. Although the proposed renovations and furnishings will result in an increase of one conference room and ten private offices, it is difficult for the Budget Analyst to identify whether such an increase is the appropriate number of conference rooms or private offices for the expanded needs of the PUC. Similarly, it is difficult for the Budget Analyst to determine what individual pieces of furniture are necessary, or whether the type of furniture selected is the most appropriate, efficient and economical for the PUC. However, the Budget Analyst does question the overall purchase of new furnishings for new capital project staff in this temporary leased facility, given the fact that it is likely that the PUC will be moving all of its staff to a new facility at 525 Golden Gate Avenue in approximately five years, and it is likely that the PUC will be requesting new furnishings to be purchased at that time.

8. The proposed source of revenues to pay for this supplemental appropriation are each of the utility's Fund balances. The current fund balance in the Water Fund is $27,938,000. The current fund balance in the Hetch Hetchy Fund is $1,487,000. The current fund balance in the Clean Water Fund is $47,745,000. Mr. Arnold reports that these fund

balances are a result of revenues received from water and sewer service rates charged to PUC's customers. In June of 1998, San Francisco voters approved Proposition H, which froze water and sewer service rates until July 1, 2006, except in certain circumstances. Therefore, Mr. Arnold reports that the proposed supplemental appropriation cannot result in increased rates to PUC's customers until at least July 1, 2006.

9. Although not the subject of the proposed supplemental appropriation, Mr. Ben Rosenfield of the Mayor's Office reports that staff from four other City departments, in addition to the PUC, are scheduled to be relocated to the 875 Stevenson Street facility. Mr. Rosenfield notes that a total of $464,880 of General Fund revenues were placed on reserve by the Board of Supervisors in the FY 1998-99 budget of the Department of Real Estate to finance the costs of renovations and furnishings at 875 Stevenson Street for these four General Fund departments. According to Mr. Rosenfield, the Department of Real Estate anticipates requesting the release of these General Fund monies in the near future, but is not currently ready to request the release of such funds at this time, or to provide detailed information on the amount of space and the costs for each of the four General Fund departments.

10. However, the four General Fund departments that are proposed to relocate into 875 Stevenson Street and a general description of where the Departments are currently located is as follows: (1) The Public Administrator-Guardian, which is currently located at 25 Van Ness, a City-owned building. It is anticipated that the 25 Van Ness vacated space would then be occupied by the Department of Parking and Traffic for their new Traffic Control Center and for their relocated Residential Permit Parking Program, which is currently located in the Performing Arts Garage. (2) The Controller's Payroll and Personnel Division, which is currently located in leased facilities at 160

South Van Ness. According to Mr. Legnitto, the lease on the facilities at 160 South Van Ness expires on June 30, 1999 and an extension of this lease is currently being renegotiated by the Real Estate Department for use by the Department of Human Services (DHS) for their new hires and to relocate staff from other DHS work sites. (3) MUNI's Management Information System (MIS) and Security, which is currently located at 425 Mason Street, the Presidio facility and on Turk Street, in order to consolidate such staff in the Civic Center area. (4) Assessor's staff, currently located on the third floor of 875 Stevenson would be relocated to the ground floor of the 875 Stevenson leased facility in order to consolidate the Assessor and Recorder functions on the first floor and to provide the entire third floor for use by the PUC.

11. Mr. Rosenfield requests that the Board of Supervisors reserve $91,400 of the supplemental appropriation request of $1,840,000 for the anticipated costs of relocating the Assessor's Office from the third floor of 875 Stevenson to the first floor so that the PUC can relocate to the third floor. Mr. Rosenfield notes that the Assessor would not be required to move except for the fact that the PUC is requesting the use of the entire third floor. The cost of this move, Mr. Rosenfield states, should therefore be attributed to the PUC, and not to the General Fund.

12.The Budget Analyst notes that when City employees moved back into City Hall in January of 1999, a total of approximately $5 million in various types of furniture and equipment was provided for these employees. Many of these City employees, including employees from the Treasurer/Tax Collector's Office, Recorder/Assessor's Office, Controller's Office, etc. were previously located at 875 Stevenson Street. According to Mr. DeLucchi, those furnishings were left behind at 875 Stevenson Street.

When queried regarding why the PUC could not make use of this remaining furniture at 875 Stevenson Street, Mr. Rosenfield reported that the furnishings remaining at 875 Stevenson, that are in good shape, would be used by the four General Fund departments that are proposed to occupy 875 Stevenson Street. However, Mr. Rosenfield also advises that these General Fund departments will also be purchasing some additional new furnishings, although the amounts and costs of such new furnishings are not available at this time. Because the request for release has not yet been made for the $464,880 for renovations and furnishings at 875 Stevenson Street for the four General Fund departments, the Budget Analyst cannot determine to what extent that the furniture, now remaining used at 875 Stevenson Street could be reused by these General Fund departments, and therefore eliminate the need for at least a portion of the subject $463,221 in requested new funds for PUC furnishings.

13. The Budget Analyst also notes that, according to Mr. DeLucchi, approximately 66,500 square feet of the total approximately 150,000 net rentable square feet at the 875 Stevenson Street facility is currently vacant. At a lease cost of $1.33 per square foot per month, excluding utilities, security and janitorial services, the City is currently spending approximately $88,445 per month for this vacant space. The Budget Analyst notes that City employees vacated the 875 Stevenson Street facility in December of 1998 and January of 1999, and that it is not anticipated that the PUC or other City departments would be able to relocate into this space until at least the Summer of 1999, leaving this space vacant for at least six months, at an approximate cost of at least $530,670 to the City.

However, Mr. Rosenfield reports that the PUC's budget for FY 1998-99 included rent for the third floor space from the beginning of January of 1999 through the end of the current fiscal year.

Therefore, Mr. Rosenfield reports that the PUC will pay rent for this leased from January of 1999 through the time the PUC actually moves into the leased space. Assuming the PUC moves into the 875 Stevenson Street facility on July 1, 1999, they will be paying a total of approximately $346,038 for the six-month period for which they did not occupy this space.

14. In summary, the Budget Analyst raises the following concerns about the proposed supplemental appropriation: (1) the 49 percent average increase of space per staff position from approximately 171 square feet per person at 1155 Market Street to 254 square feet per person at 875 Stevenson Street, (2) the existing lease at 875 Stevenson Street expires in November of 2002, although there are options to extend the lease up to 7.5 years, with rent adjustments to 95 percent of the then fair market rate, (3) the City has already spent $6,570,000 to renovate this building, of which $1,362,890 included renovations to the third floor, (4) the $6,570,000 previously spent and the proposed supplemental appropriation of $1,554,364, to again renovate the third floor, only approximately four years after the initial renovations to the third floor, results in a total of $8,124,364 to be spent on this leased facility since 1995, (5) whether the increased number of PUC conference rooms, private offices and the type of furniture are appropriate, efficient and economical, given that the PUC will likely be moving to a new permanent facility in approximately five years, and will likely be requesting new furnishings at that time, (6) $464,880 of General Fund monies are on reserve for additional renovation and furnishing costs for 875 Stevenson Street for four City departments, and is not available for review at this time, (7) an additional $91,400 is requested by the Mayor's Office from the subject PUC supplemental appropriation for the Assessor's Office, although no details are currently available and the funds were not included in the original PUC or Mayor's supplemental appropriation request, (8) the City

has an ongoing lease to occupy the current vacant space and is therefore paying rent on this vacant space at a rate of $88,445 per month, (9) the PUC will pay rental costs for the approximately six-month period that they have not occupied the third floor space.

15. At the April 14, 1999 Finance and Labor Committee meeting, the Committee continued this ordinance and requested that the PUC significantly reduce the proposed supplemental appropriation, by reducing the proposed furnishing expenses and the carpeting expenses by 50 percent, and by eliminating any unnecessary tenant improvements. Overall, the Committee requested a reduction of $300,000 from the existing budget. In response, the PUC has provided Attachment 5, which identifies a total proposed reduction of $229,941, including $127,286 for reductions for furnishings and $102,655 for reductions for carpeting.

As reflected in Attachment 5, provided by the PUC, the original proposed estimate of $463,221 for furnishings would be reduced by $127,286, to $335,935, a reduction of 27.4 percent, instead of a 50 percent reduction as requested by the Finance and Labor Committee. This reduction would occur by (1) only purchasing new furnishings for 84 staff, four conference rooms and one training room, instead of purchasing new furnishings for 111 staff, four conference rooms, one reception area, and various miscellaneous furnishings and (2) reusing existing furnishings from 875 Stevenson Street and 1155 Market Street.

In addition, the previous estimate of $834,566 for tenant improvements, which included carpeting and related installation costs of $134,789, would be reduced by $102,655, to $731,911, a reduction of 12.3 percent of all tenant improvements. As shown in Attachment 5, of the total original estimated $134,789 for new carpeting, $102,655 would be eliminated, a reduction of 76 percent, for a reduced total of $32,134 for carpeting, by only installing

new carpeting in those areas of the third floor of 875 Stevenson Street where no carpeting currently exists. However, no additional reductions have been proposed in the tenant improvements by the PUC, as requested by the Finance and Labor Committee.

Although not shown in Attachment 5, the Budget Analyst notes that the Architectural Fees, which were based on seven percent of the Tenant Improvements, should then also be reduced from $58,420 to $51,234, a reduction of $7,186. Similarly, the Construction Administration costs, which are approximately 4.3 percent of the combined Tenant Improvements and Furnishings should also be reduced from $56,436 to $45,917, a reduction of $10,519.

Therefore, the recommended reductions of $229,941 proposed by the PUC, together with the additional $17,705, recommended by the Budget Analyst's Office, would result in a total recommended reduction of $247,646, as follows:

	Original Budget	Revised Budget	Savings
Tenant Improvements	$834,566	$731,911	$102,655
Architectural Fees	58,420	51,234	7,186
Furnishings	463,221	335,935	127,286
Construction Administration	56,436	45,917	10,519
Telecommunications	117,721	117,721	0
Moving Expenses	24.000	24.000	0
Total	$1,554,364	$1,306,718	$247,646

However, the Budget Analyst notes that if the Finance and Labor Committee's total recommended reductions of $300,000 were imposed, the proposed supplemental appropriation would be reduced from $1,554,364 to $1,254,364, a further savings of $52,354.

Recommendations: Amend the proposed ordinance to reduce the supplemental appropriation from $1,840,000 to $1,398,118, a savings of $441,882, and reserve

$91,400 for the cost of the relocation of the Assessor's Office, as explained in the Budget section and Comment 11 of this report. Reductions of an additional $52,354, as indicated by the Finance and Labor Committee, in order to obtain a net total reduction of $300,000, are a policy matter for the Board of Supervisors.

875 Stevenson
Furnishing Cost Estimate

Type of Space	Qnty.	Cost/item		Total	
Work Station	96	$	4,025	$	386,400
Private Office					
Bureau Mgr.	1	$	4,206	$	4,206
Section Mgr.	4	$	3,855	$	15,420
Supervisor	10	$	2,539	$	25,390
Conference Room					
Small	3	$	4,855	$	14,565
Large	1	$	9,265	$	9,265
Reception	1	$	604	$	604
Sub-total:				$	455,850
Misc.					
Lateral Files	17	$	260	$	4,416
Bookshelves	20	$	148	$	2,956
Total:				$	463,221

PRELIMINARY

875 Stevenson
Furnishing Cost Estimate

Item	Item Description	Unit Cost	Qnty.	Cost
Work Station, Typical				
Modular Workstation	Herman Miller Series 2 (includes panels, worksurfaces, overhead cabinet, pedestal cabinet, task light)	$ 5,000.00	1	$ 5,000.00
Keyboard Tray	Workrite Straightway w/ adjustable Arm	$ 312.00	1	$ 312.00
Ergonomic Chair	Eckadams Task Chair w/ arms, burgundy	$ 435.00	1	$ 435.00
Vertical File	HON Vertical File, legal, 4 drawer, grey	$ 275.00	1	$ 275.00
BookShelf	HON Bookcase, 47"h, grey	$ 161.00	1	$ 161.00
	List Price:			$ 6,183.00
	City's Price (40% discount& tax):			$ 4,025.13
Bureau Manager's Office				
Desk	HON 10700 Radius Edge Series, U-grouping, Medium Oak			
	Peninsula Top w/ Edge Panel	$ 639.00	1	$ 639.00
	Bridge	$ 218.00	1	$ 218.00
	Lateral File w/ Credenza	$ 909.00	1	$ 909.00
	Lateral File	$ 596.00	1	$ 596.00
	Overhead Storage Unit	$ 855.00	1	$ 855.00
Keyboard Tray	Workrite Straightway w/ adjustable Arm	$ 312.00	1	$ 312.00
Bookshelf	HON Bookcase, 47" h, black	$ 161.00	2	$ 322.00
Ergonomic Chair	Eckadams High Back Chair w/ arms, burgundy	$ 555.00	1	$ 555.00
Conference Table	HON Rectangular Table, 36"x72", Med. OaK	$ 525.00	1	$ 525.00
Side Chair	HON Guest Arm Chair, Oak/Burgundy	$ 255.00	6	$ 1,530.00
	List Price:			$ 6,461.00
	City's Price (40% discount& tax):			$ 4,206.11
Section Manager's Office				
Desk	HON 10700 Radius Edge Series, U-grouping, Medium Oak			
	Peninsula Top w/ Edge Panel	$ 639.00	1	$ 639.00
	Bridge	$ 218.00	1	$ 218.00
	Lateral File w/ Credenza	$ 909.00	1	$ 909.00
	Lateral File	$ 596.00	1	$ 596.00
	Overhead Storage Unit	$ 855.00	1	$ 855.00
Keyboard Tray	Workrite Straightway w/ adjustable Arm	$ 312.00	1	$ 312.00

875 Stevenson
Furnishing Cost Estimate

Item	Item Descriotion	Unit Cost	Qntv.	Cost
Conference Table	HON Round Table, 42"d, Medium Oak	$ 495.00	1	$ 495.00
Bookshelf	HON Bookcase, 47" h, black	$ 161.00	2	$ 322.00
Ergonomic Chair	Eckadams High Back Chair w/ arms, burgundy	$ 555.00	1	$ 555.00
Side Chair	HON Guest Arm Chair, Oak/Burgundy	$ 255.00	4	$ 1,020.00
	List Price:			$ 5,921.00
	City's Price (40% discount & tax):			$ 3,854.57
	Total Cost/Floor:			

Supervisor's Office

Desk	HON 10700 Radius Edge Series, U-grouping, Medium Oak			
	Peninsula Top w/ Edge Panel	$ 639.00	1	$ 639.00
	Bridge	$ 218.00	1	$ 218.00
	Lateral File w/ Credenza	$ 909.00	1	$ 909.00
	Lateral File	$ 596.00	1	$ 596.00
Keyboard Tray	Workrite Straightway w/ adjustable Arm	$ 312.00	1	$ 312.00
Bookshelf	HON Bookcase, 47" h, black	$ 161.00	1	$ 161.00
Ergonomic Chair	Eckadams High Back Chair w/ arms, burgundy	$ 555.00	1	$ 555.00
Side Chair	HON Guest Arm Chair, Oak/Burgundy	$ 255.00	2	$ 510.00
	List Price:			$ 3,900.00
	City's Price (40% discount & tax):			$ 2,538.90

Large Conference Room

Chairs	HON Stackable Guest Chair, burgundy (unit=2 chairs)	$ 294.00 $ 500.00	15	$ 4,410.00
Side Chair	HON Exexutive Swivel, burgundy	$ 245.00	8	$ 1,960.00
Electronic Copyboard	Plus Corp. 77"x42"	$ 2,195.00	1	$ 2,195.00
Table	HON Rectangular Table, 42x96, Medium Oak	$ 700.00	1	$ 700.00
	List Price:			$ 9,265.00
	City's Price (40% discount & tax):			$ 6,031.52

Small Conference Room

Electronic Copyboard	Plus Corp. 77"x42"	$ 2,195.00	1	$ 2,195.00

875 Stevenson
Furnishing Cost Estimate

Item	Item Descriotion	Unit Cost	Qnty.	Cost
Side Chair	HON Exexutive Swivel, burgundy	$ 245.00	8	$ 1,960.00
Table	HON Rectangular Table, 42x96, Medium Oak	$ 700.00	1	$ 700.00
	List Price:			$ 4,855.00
	City's Price (40% discount & tax):			$ 3,160.61

Reception Area

Side Chair	Lesro 2-Seat Sofa, Oak/Burgundy	$ 472.00	2	$ 944.00
	Lesro End Table, Medium Oak	$ 169.00	1	$ 169.00
	List Pnce:			$ 1,113.00
	City's Price (40% discount & tax):			$ 603.80

Department of Telecommunications and Information Services
City and County of San Francisco

December 22, 1998

THROUGH: Edmundo Colchado, Deputy Director

Ms. Lena Chen
Project Manager,
Utilities Engineering Bureau
Public Utilities Commission
1155 Market, Street
San Francisco, CA 94102

Dear Ms. Chen:

The following is an estimate of the total cost to move your operation currently located at 1155 Market, 7th floor to 875 Stevenson, 3rd floor. A detailed breakdown of the costs associated with this move is as follows:

Lucent equipment costs	$ 37,131.25
Network Engineering Consulting	4,000.00
Estimated labor (wiring/install)	30,500.00
Estimated parts (wiring)	44,500.00
Pac Bell T1 installation	1,590.00
Total	$117,721.25

DTIS would require a work order in the amount of $116,131.25 sixty days prior to your anticipated move to fund equipment costs, network engineering consulting charges, and labor and parts for wiring. The Pacific Bell installation charge ($1,590) would be covered by the Utilities Engineering Bureau's usage work order.

If you have any questions, please do not hesitate to call me at 550-2777.

Sincerely,

Judi Soto

Judi Soto
Network Engineering Consultant

cc: J. DeRouen
M. Hobson
P. Arnold

Attachment 3

City and County of San Francisco

Real Estate Department

Office of the
Director of Property

875 Stevenson, 3rd Floor
Public Utilities Commission
Tenant Improvement Budget Summary
Based On Estimates From Hensel Phelps Construction
As of 3/24/99

Doors & Partitions	$ 67,126
Paint & Finishes	24,817
Carpet & Flooring	127,048
Ceilings (Re-work)	20,436
Millwork	56,275
Demolition	48,386
General Conditions	103,435
Mechanical – HVAC	51,500
Fire Protection	15,400
Electrical	176,300
Permits	19,880
Fees	77,350
Indirects (Insurance, Taxes)	12,174
Contingency	34,409
Total	$834,566

Excludes Architectural & Engineering, Telephone, Data, Furniture and other non construction costs.

\\REAL_EST-01SVR\DATA\USERS\CDUNN\WP\GENERAL\PUC 875 Stevens TI.doc

554-9850
FAX: 552-9216
25 Van Ness Avenue, Suite 400
San Francisco, 94102

Post-it® Fax Note 7671	Date 4/9	# of pages ▶ 1
To Debra Newman	From Phil Gould	
Co./Dept. HMA	Co. PUC	
Phone #	Phone # 487-5255	
Fax # 252-0461	Fax #	

Public Utilities Commission
Projected Growth (1998-99 to 2000-01)
1155 Market Street

Unit	New Positions
UEB (contract admin.)	3
UEB (construction mgt.)	10
UEB (project mgt.)	23
Hetch Hetchy	8
Energy Conservation	5
Finance	4
Accounting	3
Land Management	1
Management Information	3
Personnel	3
Human Rights Commission	3
Total	66

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TOTAL P.01

- Attachment 5
Page 1 of 2 -

Post-it® Fax Note 76

To John Newman	From Wiley
Co./Dept. HMR	Co. PUC
Phone #	Phone # 487-5255
Fax # 252-0461	Fax #

REVISED COST ESTIMATE
Furniture Purchase for 875 Stevenson

Estimated furniture needed for staff through first year

	Qnty.	Unit Cost	Total Cost
Bureau Manager	1	$ 3,639.06	$ 3,639.06
Section Manger	4	$ 2,980.49	$ 11,921.96
Sr. Superivsor	3	$ 1,992.29	$ 5,976.87
MIS Sr. Superivsion	1	$ 2,993.34	$ 2,993.34
Professional & Technical Staff	68	$ 4,233.24	$ 287,860.32
Clerical	7	$ 4,233.24	$ 29,632.68
Conference Room	4	$ 1,833.80	$ 7,335.20
Training	1	$ 899.00	$ 899.00
	Sub-total:		$ 350,258.43
	Sales tax:		$ 29,771.97
	Estimated Cost of Furniture:		$ 380,030.40

Estimation of Reusable Furnishings from 875 Stevenson & 1155 Market Street

File Cabinets	65	$ 314.36	$ 20,433.40
Bookshelves	65	$ 87.00	$ 5,655.00
Ergonomic Chairs	57	$ 211.38	$ 12,048.66
Workrite Keyboard Trays	3	$ 170.50	$ 511.50
Complete Set of Executive Furn (Sr. Supervisor)	1	$ 1,992.29	$ 1,992.29
	Sub-total:		$ 40,640.85
	Sales tax value:		$ 3,454.47
	Estimated Savings by Re-use:		$ 44,095.32
	Revised Cost Estimate:		$ 335,935.07
	Previous Cost Estimate:		$ 463,221.00
	Reduction from Previous Estimate:		$ 127,285.93
	Percent Reduction:		27%

REVISED COST ESTIMATE
Save Carpet Wherever Possible

Original Contractor's Cost Estimate

Demolition of Existing Carpet	$ 8,381.00
New Carpet	$ 120,150.00
Base	$ 6,258.00
Estimated Original Cost:	$ 134,789.00

Revised Estimate - Installation of new carpet where no carpet currently exists and patching existing in areas of Demo.

Patch at Demolition	$ 2,220.00
New Carpet	$ 27,914.00
Base	$ 2,000.00
Estimated Revised Cost:	$ 32,134.00
Reduction from Previous Estimate:	**$ 102,655.00**
Percent Reduction:	**76%**

Item 2 – 99-0604

Department: Mayor's Office of Community Development

Item: Resolution authorizing the Mayor's Office of Community Development to accept and expend, up to $25,000 in grant funds from the California Waste Management Board for the Tire Recycling Grant Program, and waiving indirect costs.

Grant Amount: Up to $25,000

Grant Period: June 1, 1999 through April 1, 2001 (approximately 22 months)

Source of Funds: California Integrated Waste Management Board

Project: Tire Recycling Grant Program

Description: State Assembly Bill 1843 provides grants to local governments for the purpose of diverting tires from landfill disposal and for recycling used tires by fostering new business enterprises for such purposes. The California Integrated Waste Management Board has been delegated the responsibility for the administration of the program.

The proposed grant funds would be used by the San Francisco Conservation Corps (SFCC), a non-profit organization, for the Tire Recycling Grant Program. Under this program, the SFCC would purchase and install rubber matting, made from recycled tires, at five playgrounds in the City in order to make these playgrounds safer. Mr. Jon Pon of the Mayor's Office of Community Development (MOCD) advises that the five playgrounds have not yet been identified, but are located on property owned either by a non-profit organization or the San Francisco Housing Authority.

The installation of rubber matting by the SFCC would be part of their ongoing project to improve various playgrounds throughout the City. As part of MOCD's budget for the expenditure of the City's 1999 Community Development Block Grant (CDBG) Entitlement from the

U.S. Department of Housing and Urban Development, the MOCD allocated $1,153,715 to the SFCC to accomplish public space improvements and to provide jobs and education for the City's youth. The SFCC is a non-profit organization dedicated to the development and improvement of the City's youth (18 to 24 years of age) and its public land. The SFCC's 1999 CDBG allocation of $1,153,715 funds 16 public space improvement projects for public agency or non-profit sponsors. Of the 16 public space improvement projects, 10 projects involve installing rubber matting, made of recycled tires, at 10 playgrounds located in the City. According to Mr. Jon Pon of the MOCD, with the proposed grant funds, the SFCC would purchase and install rubber matting at five of those 10 playgrounds.

Budget: According to Mr. Pon, the total estimated cost for the SFCC to purchase and install rubber matting made from recycled tires at the five playgrounds is $50,000. Therefore, this project would require an additional $25,000 (total estimated cost of $50,000 less the subject grant funds of $25,000). Mr. Pon advises that $25,000 is available from previously allocated funds to the SFCC under the City's 1999 CDBG Program.

The budget of $50,000 to support this project is as follows:

Five playground sites averaging 1,250 square feet of rubber matting at $8.00 per square foot	$50,000

Indirect Costs: The California Integrated Waste Management Board does not allow the inclusion of indirect costs under this grant program. As such, the MOCD has requested that indirect costs be waived.

Required Match: $25,000 in matching funds previously allocated to the SFCC in the City's 1999 CDBG Program.

Comments: 1. The Attachment to this report is the Grant Application Information Form as prepared by the MOCD.

<u>BOARD OF SUPERVISORS</u>
BUDGET ANALYST

2. The MOCD has prepared a Disability Access Checklist, which is on file with the Clerk of the Board of Supervisors.

Recommendation: Approve the proposed resolution.

File Number: ____________________

Grant Application Information Form

A document required to accompany a proposed resolution
Authorizing a Department to Accept & Expend Grant Funds

To: **The Board of Supervisors**
Attn. Clerk of the Board

The following describes the grant referred to in the accompanying resolution:

1. Department: MAYOR'S OFFICE OF COMMUNITY DEVELOPMENT

2. Contact Person: JON PON Telephone: 252-3152

3. Project Title: TIRE RECYCLING GRANT PROGRAM

4. Grant Source Agency: CALIF. INTEGRATED WASTE MANAGEMENT BOARD

5. Type of Funds: __ Federal __ Federal-State (Pass-Through) _X_State __ Local __ Private

6. Proposed (New / Continuation) Grant Project Summary:

   INSTALLATION OF RUBBER MATTING MADE FROM RECYCLED TIRES IN PLAYGROUNDS LOCATED IN THE CITY AND COUNTY OF SAN FRANCISCO.

7. Amount of Grant Funding Applied for: UP TO $25,000

8. Maximum Funding Amount Available: $25,000

9. Required Matching Funds? Yes: _X_ No: ___ / Cash or In-kind? ____________

   If yes, list dollar amount and identify source of Matching Funds in Department Budget:
   $25,000 IN COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS.

10. Number of new positions created and funded: N/A

11. If new positions are created, explain the disposition of employees once the grant ends?

    N/A

12. Are indirect costs eligible costs for this grant? Yes: ____ No: X

If yes, please identify the amount of $ in indirect costs? ____________

13. Amount to be spent on contractual services: $25,000

14. a.) Will contractual services be put out to bid? YES

b). If so, will contract services help to further the goals of the department's MBE/WBE requirements? ____________

15. Is this likely to be a one-time or ongoing request for contracting out? ONE TIME

16. Term of Grant: Start-Date: JUNE 1, 1999 End-Date: APRIL 1, 2001

17. Date Department Notified of Available Funds: OCTOBER 1998

18. Grant Application Due Date: DECEMBER 4, 1998

19. Grant Funding Guidelines and Options (selected from RFP, grant announcement or appropriations legislation):

20. Department Head Approval: PAMELA H. DAVID, DIRECTOR
(Name) (Title)

Pamela H. David
(Signature)

Item 3 – 99-0609

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer on Anza Street between 7th and 8th Avenues.

Amount: $194,291

Source of Funds: FY 1998-99 PUC Repair and Replacement Fund

Description: The Public Utilities Commission (PUC) advises that on July 21, 1998, the sewer located on Anza Street between 7th and 8th Avenues failed, and immediate replacement was required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on July 23, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to J.M.B. Construction in the amount of $158,641.

Budget: The total actual project cost was $194,291, including $158,641 in actual construction costs (or $2,829 less than the quotation amount, see Comment No. 2) and $35,650 for DPW engineering and construction management costs.

A summary of this budget is as follows:

Construction Contract	$158,641
DPW Bureau of Engineering	20,650
DPW Bureau of Construction Management	15,000
Total	$194,291

Attachment I, provided by DPW, contains additional budget details to support this $194,291. Attachment II, also provided by DPW, details the DPW Bureau of Engineering and Bureau of Construction Management costs.

Comments:

1. Invitations for proposals were faxed to 11 contractors on July 19, 1998. According to Mr. P.T. Law of DPW, J.M.B. Construction, which submitted a bid in the amount of $161,470 on July 31, 1998, was the only qualified contractor. Mr. Law states that J.M.B. Construction was awarded the contract in the amount of $161,470.

2. PUC reports that although the contract was awarded in the amount of $161,470, the final contract cost, after adjustment for actual quantities used during construction, was $158,641 or $2,829 less than the contract amount of $161,470.

3. PUC reports that the replacement of the damaged sewer began on August 10, 1998 and was completed on October 16, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution approximately six months after the construction work was completed.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Post-It™ brand fax transmittal memo 7671	# of pages ▸ 6
To Gabe Cabera	From P.T. Law
Co.	Co.
Dept.	Phone # 554-8347
Fax # 252-0461	Fax #

AGENDA

DEPARTMENT Utilities Engineering Bureau

AGENDA NO.

MEETING DATE March 23, 1999

SUMMARY OF PROPOSED ACTION:

Ratifying the Declaration of Emergency made by the President of the Public Utilities Commission for Clean Water Program Contract No. CW-201E, "Anza Street Emergency Sewer Replacement," Requesting the Board of Supervisors to Approve expenditure of funds to replace the structurally inadequate brick sewer on Anza Street from 7th Avenue to 8th Avenue.

DESCRIPTION OF PROPOSED ACTION:

The work performed under this Emergency consisted of performing traffic routing work and trench support work; constructing 268 linear feet of 42-inch diameter reinforced concrete pipe (RCP) on crushed rock bedding; constructing concrete manholes, 10-inch diameter VCP culverts, and 6 or 8-inch diameter side sewer connections; videotaping existing active side sewers; repairing and/or replacing existing defective active side sewers; removing existing sewers and sewer structures; replacing frame and cover of existing catchbasin; plugging and filling existing sewer with slurry grout; cleaning existing catchbasins; videotaping newly constructed main sewers; supporting, working around and protecting certain Water Department, Fire Department and other utility agency and company facilities in conjunction with the work under this contract, and all related and incidental work on Anza Street from 7th Avenue to 8th Avenue. This work included all planning, design, and construction support services (under Job Order No. 1621N).

APPROVALS:

DEPARTMENT / BUREAU		FINANCE	Steven Carmichael
UTILITIES ENGR. BUREAU	Michael E. Quan	GENERAL MANAGER	
COMMISSION SECRETARY	Romaine A. Boldridge		

Page 2 **PUC Calendar Item Number:**

Department: Utilities Engineering Bureau

Project: CW-201E, Anza St. Emergency Sewer Replacement

The invitations for proposals were faxed to eleven (11) MBE/WBE contractors on July 29, 1998.

One (1) Quotation was received on July 31, 1998 as follows:

	Firm	Quote Amount	Quote Preference	Adjusted Amount(*)	Rank
1.	J.M.B. Construction Inc. (LBE/MBE) San Francisco, CA	$161,470.00	10%	$145,323.00	1

(*) For comparison of quotes after application of business enterprise preferences.

Work is of lump sum and unit bid item type.

The Engineer's Estimate for this contract was $150,600.00. The original contract as awarded to J.M.B. Construction was for $161,470.00. The final contract cost after adjustment for actual quantities used during construction is $158,641.00.

Therefore, the cost of this project is estimated to be $194,291.00:

Bureau of Engineering (Planning, Design, and Construction Support)	$ 20,650.00
Bureau of Construction Management (Construction Inspection)	$ 15,000.00
Final Construction Contract Cost	$158,641.00
Total Project Cost	$194,291.00

This project is part of the Clean Water Program's Repair and Replacement Program. Funds are available from the R&R Fund (Fund 5C/CPF/R&R, FAMIS Project No. CENRNRR989, Job Order No. 1621N).

Affirmative Action

Because this was an emergency contract, HRC subcontracting goals were not established by the HRC Contract Compliance Officer assigned to monitor the Clean Water Repair and Replacement program.

Department: Utilities Engineering Bureau

Project: CW-201E, Anza St. Emergency Sewer Replacement

Schedule

J.M.B. Construction began the work on August 10, 1998. All work was specified to be completed on or before September 27, 1998. All work was actually completed on October 16, 1998. A time extension for nineteen (19) calendar days was approved to cover a delay in manufacturing the 42-inch reinforced concrete pipe (RCP).

CONTEXT OF THIS ACTION:

On July 21, 1998 PUC Sewer Operations notified the Hydraulic Engineering Section of the Bureau of Engineering that the existing 2x3 brick main sewer on Anza Street from 7th Avenue to 8th Avenue had severe sags in the line and missing grout which had caused infiltration of sand and the street to cave-in. Sewer Operations further requested the Bureau of Engineering to prepare an Emergency Contract to replace this brick sewer.

Letters informing the UEB Manager, the PUC President, the Mayor, the Controller, and the Board of Supervisors of the emergency situation were sent on July 23, 1998. The Declaration of Emergency has been signed by the President of the PUC.

The Bureau of Engineering prepared the plans and specifications for this emergency contract.

Attachments:

1. Resolution
2. Draft Board of Supervisors Resolution

Contact Person: Mr. Norman Chan Phone: 554-8355

cc: B. Lim, C. Tang, M. Williams, J. To, C. Jacobo, F. Bongolan, P. Law, P. Scott

Cost Breakdown for (J.O. #1621N, Contract #CW-201E)
Anza Street Emergency Sewer Replacement

Bureau of Engineering

Classification	Title	Rate		Hours	Cost	
5504	Project Manager II	$	92	10	$	920
5206	Associate Civil Engineer	$	75	41	$	3,075
5202	Junior Civil Engineer	$	50	98	$	4,900
5366	Civil Engineering Associate II	$	60	135	$	8,100
5381	Engineering Student Trainee II	$	33	51	$	1,683
1426	Secretary	$	43	46	$	1,978
					$	**20,656**
				Rounded:	**$**	**20,650**

Bureau of Construction Management

Classification	Title	Rate		Hours	Cost	
5210	Senior Civil Engineer	$	100	10	$	1,000
5208	Civil Engineer	$	80	11	$	880
5204	Assistant Civil Engineer	$	59	112	$	6,608
6318	Construction Inspector	$	74	88	$	6,512
					$	**15,000**
				Rounded:	**$**	**15,000**

Item 4 – 99-0610

Department:	Airport Commission
Item:	Resolution authorizing a new International Terminal newsstand lease between CalStar Retail, Inc., a Small Business Enterprise set-aside, and the City and County of San Francisco, acting by and through its Airport Commission.
Location:	New International Terminal of the Airport
Purpose of Lease:	Concession space for the purpose of selling newspapers, magazines, and various other items. (See Description below.)
Lessor:	City and County of San Francisco by and through the Airport Commission.
Lessee:	CalStar Retail, Inc. (CalStar)
Square Footage:	2,340 square feet at one location near the pre-security Boarding Area A, in the new International Terminal.
Term of Lease:	The proposed concession lease would commence in May of 2000 to coincide with the date on which the new International Terminal will open to the public. The lease would be for a period of five years, terminating in 2005.
Annual Rent Payable by CalStar, Inc. to Airport:	Beginning from the first year of the lease, and through the duration of the five-year lease period, the annual rent payable by CalStar to the Airport is the greater of either the Minimum Annual Guarantee of $632,823, subject to the Consumer Price Index (CPI) annual adjustment, or a percentage of gross receipts, as follows:

Gross Receipts	Percentage of Gross Receipts
Up to and including $500,000	12%
$500,000.01 to and including $1,000,000	14%
Over $1,000,000	16%

Utilities and Janitorial Services: The Lessor will pay for the costs of all utilities and janitorial services.

Right of Renewal: None.

Tenant Improvements: According to Mr. Dave Dunn of the Airport, CalStar would be required to invest a minimum of $351,000 based on $150 per square foot to renovate the subject leased space. Mr. Dunn states that the tenant improvements would begin in early 2000.

Description of Proposed Lease: On September 15, 1998, the Airport Commission authorized the Airport to receive bids for three Small Business Enterprise set-aside leases in the new International Terminal (Resolution No. 98-0231). The proposed lease is one of these set-aside leases. Subsequently, on March 16, 1999, the Airport Commission adopted a resolution (Resolution No. 99-0059) awarding the lease to CalStar for retail concessions in the new International Terminal.

Under the proposed lease, CalStar would operate one newsstand near the pre-security Boarding Area A in the new International Terminal. CalStar would sell the following: local, daily, and out-of-town newspapers; magazines and other periodicals; paperback and hardback books; health and beauty aids; film and photography accessories; candy; and non-prescription drugs.

Comments: 1. The Minimum Annual Guarantee of $632,823 is $317,823 more than the Airport's Minimum Required Annual Guarantee of $315,000, which was the required Minimum Annual Guarantee bid amount contained in the Airport's Invitation to Bid. The proposed lease with CalStar is noted as Unit No. 8 in the Attachment provided by Ms. Teresa Rivor of the Airport. The Attachment contains the basis for the calculation of the Minimum Required Annual Guarantee Bid. Ms. Rivor states that the basis of the $315,000 Minimum Required Annual Guarantee Bid, as set by the Airport, was determined by calculating 15 percent of the anticipated annual gross

revenues of $2,106,900, which is $316,035, and rounding down to $315,000. In an April 15, 1999 memorandum to the Budget Analyst from Mr. Bob Rhoades of the Airport, Mr. Rhoades explains that the Airport used 15 percent to calculate the Minimum Required Annual Guarantee Bid because "...15 percent of anticipated annual gross revenues is considered an industry standard." The anticipated gross revenue is formulated by projecting the number of travelers and spending per passenger.

2. There were two other bidders for the proposed lease. Mr. Dunn of the Airport reports that the Airport Commission awarded the subject lease to CalStar based on the determination that CalStar submitted the highest responsive and qualified Minimum Annual Guarantee Bid. Bids were received from the following three firms:

Bidder	Min. Annual Guarantee
Warren News & Gift, Inc.	$575,001.01
CalStar Retail, Inc.	$632,823
The Benjamin Co.	$669,251

3. According to Ms. Rivor, The Benjamin Company, which submitted the highest Minimum Annual Guarantee Bid of $669,251, was not selected because it did not meet the Small Business Enterprise (SBE)/Disadvantaged Business Enterprise (DBE) requirement set forth in the bid documents. The Benjamin Company does not meet the definition of a SBE/DBE because it exceeds $30 million in annual revenue.

Recommendation: Approve the proposed resolution.

ATTACHMENT

SPECIALTY RETAIL CONCESSION PACKAGE
New International Terminal Building
San Francisco International Airport
(projections are in constant 1997 dollars)

The projections presented in this table were prepared using information from the sources indicated and assumptions agreed to by Airport Management. Inevitably, some of the assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projected and actual results, and those differences may be material.

Contract	Unit No.	Concession Type	Concourse	Unit no.	Term (years)	Unit Sq Ft	Total contract Sq Ft	Unit sales per Sq Ft estimate	Unit sales	Total contract sales	Unit revenue percentage estimate	Unit revenue	Total contract revenue
Contract 1	1	Specialty Retail	Central	CI120	5	2,236	2,236	$ 800	$ 1,790,400	$ 1,790,400	16%	$ 206,500	$ 286,560
Contract 2	2	Specialty Retail	Central	CI110	5	2,819	2,819	800	2,255,200	2,255,200	15%	330,200	338,280
Contract 3	3	Specialty Retail	Central	CS10	5	2,182	2,182	800	1,745,600	1,745,600	15%	261,840	261,840
Contract 4	4	Specialty - Golf	A	AE10	6	1,895	1,895	800	1,514,400	1,514,400	15%	227,100	227,160
Contract 5 (SBE)	5	Specialty Retail	Central	CS70	5	2,734	2,734	800	2,187,200	2,187,200	16%		
Contract 6 (SBE)	6	Specialty Retail	Central	CS40	5	1,356	1,356	800	1,084,800		16%	102,250	
Contract 7 (SBE)	7	Convenience	Central	CI150	6	1,350		900	1,215,000				
	8	Convenience	Central	C880	6	2,340		900	2,106,000		15%	52,110	
	9	Convenience	Central	CI160	6	389	4,077	900	347,400	3,435,200			234,360
Contract 8 (SBE)	10	Specialty Retail	Central	CI170	5	1,784	1,784	800	1,435,200	1,435,200	15%	215,200	215,280
Contract 9 (SBE)	11	Specialty Retail	Central	CI140	5	2,797	2,797	800	2,237,600	2,237,600	15%	335,640	335,640
TOTAL							21,890			$ 16,600,800			$ 1,881,120

Notes:
Forecast sales and revenue assumes 100% occupancy for the first full operating year for the ITB; no phased opening of concessions assumed
Sales and Revenue estimates are stated in constant 1997 dollars, actual amounts will vary
Square footage estimates and concession types listed herein are subject to change
Does not include future concession expansion space totaling 3,139 square feet on the east wall of the central terminal

SFOPKO3E.XLS
7/20/98

Leigh Fisher Associates

Item 5 – 99-0611

Department:	Airport Commission
Item:	Resolution authorizing the new International Terminal Nature Theme Store lease between Discovery Channel Stores, Inc., and the City and County of San Francisco, acting by and through its Airport Commission.
Location:	New International Terminal of the Airport
Purpose of Lease:	Concession space for the purpose of selling nature-related gifts, souvenirs, and specialty items. (See Description below.)
Lessor:	City and County of San Francisco by and through the Airport Commission.
Lessee:	Discovery Channel Stores, Inc. (Discovery)
Square Footage:	2,238 square feet in total at one location in the Central Concourse of the Main Terminal in the new International Terminal.
Term of Lease:	The proposed concession lease would commence in May of 2000 to coincide with the date on which the new International Terminal will open to the public. The lease would be for a period of five years, terminating in 2005.
Annual Rent Payable by Discovery Channel Stores, Inc. to Airport:	Beginning from the first year of the lease, and through the duration of the five-year lease period, the annual rent payable by Discovery Channel Stores, Inc. to the Airport is the greater of either the Minimum Annual Guarantee of $260,000, subject to the Consumer Price Index (CPI) annual adjustment, or a percentage of gross receipts, as follows:

Gross Receipts	Percentage of Gross Receipts
Up to and including $1,000,000	12%
$1,000,000.01 to and including $2,000,000	14%
Over $2,000,000	16%

Utilities and Janitorial Services: The Lessor will pay for the costs of all utilities and janitorial services.

Right of Renewal: None.

Tenant Improvements: According to Mr. Dave Dunn of the Airport, Discovery would be required to invest a minimum of $335,700 based on $150 per square foot to renovate the subject leased space. Mr. Dunn states that the tenant improvements would begin in early 2000.

Description of Proposed Lease: On October 27, 1998, the Airport Commission authorized the Airport to receive bids for the new International Terminal Nature Theme Store lease (Resolution No.98-0271). Subsequently, on February 2, 1999, the Airport Commission adopted a resolution (Resolution No. 99-0022) awarding this Nature Theme Store lease to Discovery Channel Stores, Inc. for retail concessions in the new International Terminal.

Under the proposed lease, Discovery would operate one shop located at Main Terminal – Central Concourse in the new International Terminal. The store would sell nature-related items such as books and other educational materials, toys, clothing, hats, and specialty items such as telescopes. The Nature Theme Store lease is one of six theme stores at the Airport. Other theme stores include a museum shop and a golf shop.

Comments: 1. The Minimum Annual Guarantee of $260,000 is $46,000 more than the Airport's Minimum Required Annual Guarantee of $214,000, which was the required Minimum Annual Guarantee bid amount contained in the Airport's Invitation to Bid. The proposed lease with Discovery is noted as Unit No. 1 in the Attachment provided by Ms. Teresa Rivor of the Airport. The Attachment contains the basis for the calculation of the Minimum Required Annual Guarantee Bid. Ms Rivor states that the basis of the $214,000 Minimum Required Annual Guarantee Bid, as set by the Airport, was

determined by calculating 12 percent of the anticipated annual gross revenues of $1,790,400, which is $214,848, and rounding down to $214,000. In an April 15, 1999 memorandum to the Budget Analyst from Mr. Bob Rhoades of the Airport, Mr. Rhoades explains that the Airport normally uses 15 percent to calculate the Minimum Required Annual Guarantee Bid because "...15 percent of anticipated annual gross revenues is considered an industry standard." However, for the proposed Nature Theme Store lease, the Airport used 12 percent to calculate the Minimum Required Annual Guarantee. Mr. Rhoades states that the change "...was in response to the comments made at the pre-bid conference held on August 25, 1998. The Airport, after further research and review, lowered the minimum annual guarantee to $214,000, which is 12 percent of the estimated gross revenues at the bid stage. The change was made to ensure that we remain competitive with commercial shopping malls and encourage prospective bidders to participate in this concession opportunity." The anticipated gross revenue is formulated by projecting the number of travelers and spending per passenger.

2. There were two other bidders for the proposed lease. Ms. Rivor of the Airport reports that the Airport Commission awarded the subject lease to Discovery based on the determination that Discovery submitted the highest responsive and qualified Minimum Annual Guarantee Bid. Bids were received from the following three firms:

Bidder	Min. Annual Guarantee
Discovery	$260,000
Host International	220,000
CalStar	216,614

Recommendation: Approve proposed resolution.

ATTACHMENT

New International Terminal Building
San Francisco International Airport
(projections are in constant 1997 dollars)

The projections presented in this table were prepared using information from the sources indicated and assumptions agreed to by Airport Management.
Inevitably, some of the assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur.
Therefore, there are likely to be differences between projected and actual results, and those differences may be material.

Contract	Unit No.	Concession Type	Concourse	Unit no.	Term (years)	Unit Sq Ft	Total contract Sq Ft	Unit sales per Sq Ft estimate	Unit sales	Total contract sales	Unit revenue percentage estimate	Unit revenue	Total contract revenue
Contract 1	1	Specialty Retail	Central	C1120	5	2,238	2,238	$ 800	$ 1,790,400	$ 1,790,400	16%	$ 208,560	$ 208,560
Contract 2	2	Specialty Retail	Central	C1110	5	2,819	2,819	800	2,255,200	2,255,200	15%	338,280	338,280
Contract 3	3	Specialty Retail	Central	CS10	5	2,182	2,182	800	1,745,600	1,745,600	15%	261,840	261,840
Contract 4	4	Specialty - Golf	A	AE10	6	1,895	1,895	800	1,514,400	1,514,400	15%	227,160	227,160
Contract 5 (SBE)	5	Specialty Retail	Central	CS70	5	2,734	2,734	800	2,187,200	2,187,200	16%		
Contract 6 (SBE)	6	Specialty Retail	Central	C840	5	1,356	1,356	800	1,004,800				
Contract 7 (SBE)	7	Convenience	Central	C1150	6	1,350		900	1,215,000		15%	182,250	
	8	Convenience	Central	C880	6	2,340		900	2,106,000		15%	52,110	
	9	Convenience	Central	C1180	6	386	4,077	900	347,400	3,435,200			234,360
Contract 8 (SBE)	10	Specialty Retail	Central	C1170	5	1,794	1,794	800	1,435,200	1,435,200	15%	215,280	215,280
Contract 9 (SBE)	11	Specialty Retail	Central	C1140	5	2,797	2,797	800	2,237,600	2,237,600	15%	335,640	335,640
TOTAL							21,890			$ 16,600,800			$ 1,881,120

Notes:
Forecast sales and revenue assumes 100% occupancy for the first full operating year for the ITB; no phased opening of concessions assumed
Sales and Revenue estimates are stated in constant 1997 dollars, actual amounts will vary
Square footage estimates and concession types listed herein are subject to change
Does not include future concession expansion space totaling 3,139 square feet on the east wall of the central terminal

Leigh Fisher Associates

SFOPKO3E.XLS
2/2/98

Item 6 – 99-0612

Department: Airport Commission

Item: Resolution authorizing the new International Terminal Golf Shop lease between Golf on the Avenue, Inc. and the City and County of San Francisco, acting by and through its Airport Commission.

Location: New International Terminal of the Airport

Purpose of Lease: Concession space for the purpose of selling golf-related gifts, souvenirs and specialty items. (See Description below.)

Lessor: City and County of San Francisco by and through the Airport Commission.

Lessee: Golf on the Avenue, Inc.

Square Footage: 1,895 square feet in total at one location by post-security Boarding Area A in the new International Terminal.

Term of Lease: The proposed concession lease would commence in May of 2000 to coincide with the date on which the new International Terminal will open to the public. The lease would be for a period of five years, terminating in 2005.

Annual Rent Payable by Golf on the Avenue Inc. to Airport: Beginning from the first year of the lease, and through the duration of the five-year lease period, the annual rent payable by Golf on the Avenue, Inc. to the Airport is the greater of either the Minimum Annual Guarantee of $225,100, subject to the Consumer Price Index (CPI) annual adjustment, or a percentage of gross receipts, as follows:

Gross Receipts	Percentage of Gross Receipts
Up to and including $500,000	12%
$500,000.01 to and including $1,000,000	14%
Over $1,000,000	16%

Utilities and Janitorial Services: The Lessor will pay for the costs of all utilities and janitorial services.

Right of Renewal: None.

Tenant Improvements: According to Mr. Dave Dunn of the Airport, Golf on the Avenue would be required to invest a minimum of $284,250 based on $150 per square foot to renovate the subject leased space. Mr. Dunn states that the tenant improvements would begin in early 2000.

Description of Proposed Lease: On September 15, 1998, the Airport Commission authorized the Airport to receive bids for the new International Terminal Golf Theme Store lease (Resolution No.98-0233). Subsequently, on December 15, 1998, the Airport Commission adopted a resolution (Resolution No. 99-0022) awarding this Golf Theme Store lease to Golf on the Avenue, Inc. for retail concessions in the new International Terminal.

Under the proposed lease, Golf on the Avenue, Inc. would operate one shop located by post-security Boarding Area A in the new International Terminal. The shop would sell golf-related clothing, books, and equipment. The Golf Theme Store lease is one of six theme stores at the Airport. Other theme stores include a museum shop and a nature shop.

Comments: 1. The Minimum Annual Guarantee of $225,100 is $100 more than the Airport's Minimum Required Annual Guarantee of $225,000, which was the required Minimum Annual Guarantee bid amount contained in the Airport's Invitation to Bid. The proposed lease with Golf on the Avenue is noted as Unit No. 4 in the Attachment provided by Ms. Teresa Rivor of the Airport. The Attachment contains the basis for the calculation of the Minimum Required Annual Guarantee Bid. Ms. Rivor states that the basis of the $225,000 Minimum Required Annual Guarantee Bid, as set by the Airport, was determined by calculating 15 percent of the anticipated annual gross revenues of $1,514,400, which is $227,160, and rounding

down to $225,000. In an April 15, 1999 memorandum to the Budget Analyst from Mr. Bob Rhoades of the Airport, Mr. Rhoades explains that the Airport used 15 percent to calculate the Minimum Required Annual Guarantee Bid because "...15 percent of anticipated annual gross revenues is considered an industry standard." The anticipated gross revenue is formulated by projecting the number of travelers and spending per passenger.

2. There were no other bidders for the proposed lease. According to Ms. Rivor, while there were four other firms that expressed an interest in the Golf Theme Store lease, no other companies submitted a bid. Ms. Rivor reports that Golf on the Avenue submitted a responsive and qualified Minimum Annual Guarantee Bid.

Recommendation: Approve the proposed resolution.

ATTACHMENT

SPECIALTY RETAIL CONCESSION PACKAGE

New International Terminal Building
San Francisco International Airport
(projections are in constant 1997 dollars)

The projections presented in this table were prepared using information from the sources indicated and assumptions agreed to by Airport Management.
Inevitably, some of the assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur.
Therefore, there are likely to be differences between projected and actual results, and these differences may be material.

Contract	Unit No.	Concession Type	Concourse	Unit no.	Term (years)	Unit Sq Ft	Total contract Sq Ft	Unit sales per Sq Ft estimate	Unit sales	Total contract sales	Unit revenue percentage estimate	Unit revenue	Total contract revenue
Contract 1	1	Specialty Retail	Central	CI120	5	2,238	2,238	$ 800	$ 1,790,400	$ 1,790,400	15%	$ 268,560	$ 268,560
Contract 2	2	Specialty Retail	Central	CI110	5	2,819	2,819	800	2,255,200	2,255,200	15%	338,280	338,280
Contract 3	3	Specialty Retail	Central	CS10	5	2,182	2,182	800	1,745,600	1,745,600	15%	261,840	261,840
Contract 4	4	Specialty - Golf	A	AE10	5	1,893	1,893	800	1,514,400	1,514,400	15%	227,160	227,160
Contract 5 (SDE)	5	Specialty Retail	Central	CS70	5	2,734	2,734	800	2,187,200	2,187,200	15%		
Contract 6 (SBE)	6	Specialty Retail	Central	CS40	5	1,356	1,356	800	1,084,800				
Contract 7 (SBE)	7	Convenience	Central	CI150	5	1,350		900	1,215,000		15%	182,250	
	8	Convenience	Central	CS60	5	2,340		900	2,106,000		15%	62,110	234,360
	9	Convenience	Central	CI160	5	386	4,077	900	347,400	3,435,200			
Contract 8 (SDE)	10	Specialty Retail	Central	CI170	5	1,794	1,794	800	1,435,200	1,435,200	15%	215,280	215,280
Contract 9 (SBE)	11	Specialty Retail	Central	CI140	5	2,797	2,797	800	2,237,600	2,237,600	15%	335,640	335,640
TOTAL							21,890			$ 16,600,800			$ 1,881,120

Notes:
Forecast sales and revenue assumes 100% occupancy for the first full operating year for the ITB; no phased opening of concessions assumed
Sales and Revenue estimates are stated in constant 1997 dollars, actual amounts will vary
Square footage estimates and concession types listed herein are subject to change
Does not include future concession expansion space totalling 3,139 square feet on the east wall of the central terminal

SFOPKO3E.XLS
2/21/98

Leigh Fisher Associates

Item 7 - File 99-0673

Department: Airport

Item: Resolution approving lease agreement for office/warehouse space at 245 South Spruce Avenue, South San Francisco, between South City Industrial Company, LLC, as lessor, and the City and County of San Francisco, acting by and through its Airport Commission, as lessee.

Location: 245 South Spruce Avenue, South San Francisco

Purpose of Lease Agreement: This new lease would provide additional off-Airport space in the City of South San Francisco to accommodate the (1) expansion of office staff and (2) the storage of Facilities and Operations Management documents and attic stock[1] related to the new International Terminal building. Attachment I provided by the Airport explains the purpose of the lease, how many employees will occupy the space, the amount of space per square feet per employee, and the planned re-use of vacated space if the subject lease is approved.

Lessor: South City Industrial Company, LLC

Lessee: City and County of San Francisco acting through the Airport Commission

No. of Sq. Ft.: Approximately 562,936 sq. ft. in total

Ground Floor Office Space:	approximately 45,674 sq. ft.
Mezzanine Office Space:	approximately 3,331 sq. ft.
Warehouse Space:	approximately 513,931 sq. ft.

Attachment II provided by the Airport contains the number of square feet and the monthly cost per square foot for the (a) the Ground Floor Office Space, (b) the Mezzanine Office Space, and (c) the Warehouse Space, as well as total monthly and annual rental and operating expenses.

Rent per Month: \$434,693.75 (excluding utilities) or \$0.77 per square foot. (\$434,693.75 divided by 562,936 square feet)

[1] "Attic stock" refers to overages of various buildings materials associated with the construction of new buildings (e.g., ceiling tiles, light fixture covers, carpet).

Annual Rent and Operating Costs: $5,216,325 rent (excluding utilities) as described in Attachment II. Estimated operating costs would total $959,752 (including utilities). Total annual rent and operating costs would therefore be $6,176,077.

Term of Lease: May 1, 1999 through April 30, 2009.

Right of Renewal: The Airport would have two five-year options to extend the lease.

Source of Funds: Costs associated with this proposed lease would be budgeted in the Airport's general operating fund. Costs for May and June of 1999 would be absorbed by the Airport's FY 1998 – 1999 existing budget.

Description: As stated in an April 1, 1999 memorandum from the Airport Director to the Airport Commission, the Airport requires additional off-Airport office and warehouse space to accommodate the following:

1. Additions to Human Resources Staff. According to Mr. Gary Franzella, Assistant Deputy Director, the Airport intends to increase its Human Resources Division by 27 FTEs to facilitate the recruitment and selection of approximately 350 additional FTEs who will be hired to support the operations and maintenance of the new International Terminal building. The 27 new Human Resources FTEs would be housed in the subject leased facility in addition to 30 existing FTEs currently located at the Airport who would be relocated to the subject leased facility. According to Mr. Franzella, all the above-referenced 27 new FTES are included in the Airport's FY 1998 -1999 budget, but have not yet been hired.

2. Creation of the Airfield Development Team. The subject off-Airport facility would also house approximately 60 new employees and consultants included in the FY 1998 - 1999 budget, but not yet hired, for a newly established Airfield Development Team. This Airfield Development Team will be responsible for the planning and analysis associated with a potential new runway for the Airport.

3. Expansion of Facilities, Operations and Maintenance (FOM) Shops. As explained in Attachment I, additional maintenance shop facilities will be required to support the additional 2.5 million square feet of new terminal space associated with the Master Plan Expansion Project. The FOM shops would house 145 existing employees.

According to Mr. Franzella, the proposed lease would relocate some Airport operations and expand Airport office and warehouse space as shown in the table below:

Office space				
Purpose or function	**Current Total Sq. Ft.**	**Current Total Sq. Ft. per employee ***	**Proposed Sq. Ft. per lease**	**Proposed Sq. Ft. per employee per lease****
Human Resources (hiring & exam group, training)	2,900	96 sq. ft. per employee	13,656 (excludes exam and interview space)	240 sq. ft. per employee
General Administration	1,753	146 sq. ft. per employee	6,400	376 sq. ft. per employee
Airfield Development Team	N/A	N/A	17,283 (excludes project "war room" space)	288 sq. ft. per employee

* Based on current employee counts of 30 in the Human Resources Group, 12 in the General Administration Group, and 0 in the Airfield Development Team.

** Based on projected employee counts of 57 in the Human Resources Group, 17 in the General Administration Group, and 60 in the Airfield Development Team.

Warehouse Space		
Purpose/function	**Current Sq. Ft.**	**Sq. Ft. per proposed lease**
FOM* at Habor Way	25,000	25,000
FOM at Airport	153,431	291,682
Attic Storage	N/A	110,000
Custodial Supplies	30,000	65,000
Current sub-tenants in subject lease facility	N/A	22,249
TOTAL	208,431	513,931

* Facilities, Operations and Maintenance

Attachment III, provided by the Airport, indicates how the subject lease agreement would allow the Airport to optimize additional revenue potential by moving some operations currently located at the Airport to an off-site location thereby making premium on-Airport space available for rental opportunities for organizations who provide various aviation-related services (e.g., cargo handling, equipment repair). Mr. Franzella explains that the Airport could potentially realize $3,454,051 in new rental revenue as follows:

Space to be vacated	Square Feet	Projected Rental Rates	Projected Revenue
FOM Warehouse Space	153,431 sq. ft.	$21.00/sq. ft. ($1.75/sq. ft. per month)	$3,222,051
HR Office Space	2,900 sq. ft.	$80.00/sq. ft. ($6.67/sq. ft. per month)	$232,000
TOTAL			$3,454,051

This new revenue would offset the proposed lease's total annual rental and operating costs of $6,176,077 by $3,454,051 per year, reducing the potential net cost increase of the proposed lease to $2,722,026.[2]

Attachment IV, provided by the Airport, summarizes the Airport's evaluation of alternatives in relation to consolidating Airport operations and meeting projected spaces needs.

Comments:

1. Mr. Charles Dunn from the Department of Real Estate advises that the proposed rent represents the fair market value of the property.

2. As stated previously, 27 new Human Resources FTEs were approved in the FY 1998-1999 budget and will be hired

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[2] The estimated $3,245,051 in new revenue does not include potential additional rent revenue from the approximate 25,000 sq. ft. Habor Way facility that would be vacated per the proposed lease. The Airport currently uses this facility to store FOM documents in addition to those stored at the Airport. The lease on this facility expires on June 30, 2002. According to Mr. Franzella, the Airport is investigating either terminating the lease or establishing a sublease agreement. Mr. Franzelli explains that there is a high-demand for this type of space by airport-related organizations (e.g., customs brokers, baggage handlers) and that the current market rate for warehouse space in that area is $.80 per square foot. The Airport currently pays $0.64 per square foot for the facility for an annual cost of $191,061.

to facilitate the recruitment and selection of approximately 350 additional FTEs who will support the operations and maintenance of the new International Terminal building. As recruitment and selection procedures are not an on-going function, it is not clear that long-term rental of this much space is necessary. According to Mr. Franzella, the recruitment and selection process is expected to continue for three years. Mr. Franzella also explains that the space associated with this Human Resources function could be sublet if the space no longer proved necessary.

3. The Budget Analyst notes that the square footage per employee appears high, especially for the General Administration office areas for which the Airport estimates 376 sq. ft. per employee. Presently, General Administration employees occupy space of 146 sq. ft. per employee. Mr. Franzella indicated that the Airport has not finalized space planning for this subject facility and that additional functions may be relocated from the Airport to the subject facility. Such relocations would reduce square footage per employee projections and make available additional on-Airport space for rental opportunities. In addition, Mr. Franzella indicated that the Airport may sublet some space within the subject facility thereby also reducing the projected square footage per employee figures.

4. In summary, the Airport expansion and pending new International Terminal operation has resulted in increased Airport staffing for operations support services that need not necessarily be located on site at the Airport. This proposed lease provides for the additional space needs of the increased staffing and warehouse expansion and is available for approximately $0.77 per square foot per month. In view of the fact that the space that will be vacated on-site at the Airport can be rented for monthly rates ranging from $1.75 per square foot (for warehouse space) to $6.67 per square foot for office space, the proposed lease appears to be a sound business decision.

Recommendation: Approve the proposed resolution.

Warehouse Square Footage:

Existing Purpose	Total Square Ft	Required	Planned reuse of Existing Area
FOM at Harbor Way	25,000	25,000	Terminate Lease or sub-let
FOM at Airport	153,431	291,682	Lease to 3rd party
Attic Storage New IT	n/a	110,000	
Custodial Supplies	30,000	65,000	TWA Hangar to be demolished within 2 yrs.
Totals	**208,431**	**491,682**	

Attachment II

Proposed Airport Commission Lease

245 South Spruce Avenue
South San Francisco, CA

Attachment II

Rental Cost:

Area:	Sq. Ft.	Mo. Rent	Mo. Total
Ground Floor Office Space	45,674 sq. ft.	$1.25	$ 57,092
Mezzanine Office Space	3,331 sq. ft.	$0.73	2,432
Warehouse Space	513,931 sq. ft.	$0.73	375,169
Total Monthly Rental Cost			$ 434,693
Annual Rental Cost			**$ 5,216,316**

Operating Expense:

- The Landlord will be responsible for maintenance of building structure and building systems infrastructure.
- The Airport will be responsible for all utility, service and maintenance expenses.

Warehouse	($1.20 x 513,931 sq. ft.)	$ 620,317
Office	($7.00 x 49,005 sq. ft.)	343,035
Estimated Annual Operating Expense .... $		959,752

Proposed Airport Commission Lease

245 South Spruce Avenue
South San Francisco, CA

Attachment III

Revenue Potential:

- Relocation of on-Airport FOM shops will free on-airport space for development such as airline cargo handling/aviation support functions:
    - Vacated FOM space - 153, 431 sq. ft.
    - Projected rental rates - $21.00 / sq. ft.
    - **Revenue Potential - $3,222,051**

- Relocation of the Human Resources Office will free airport terminal office space for lease to tenants:
    - Vacated HR space 2,900 sq. ft.
    - Projected rental rates $ 80.00 / sq. ft.
    - Revenue Potential $ 232,000

Proposed Airport Commission Lease

245 South Spruce Avenue
South San Francisco, CA

Attachment IV

Summary:

The lease of the building and land at 245 South Spruce Avenue in South San Francisco, CA presents the City and County of San Francisco, acting through its Airport Commission with a unique opportunity. This site is unique because it provides for the consolidation of multiple office functions, accommodates warehousing requirements and development of maintenance shop space all within the same location in extremely close proximity to the Airport. Extremely limited on-Airport space has led to the elimination of training rooms and the use of rented space at hotels to provide required training. This site will provide multi-functional rooms for training, hiring and exams that will eliminate that need. The site also includes ten acres of "Free" land for equipment and vehicle storage.

The proposed lease provides Airport staff with a myriad of options for ongoing utilization including sub-letting in the future to aviation related vendors and service providers. Relocating non-site critical maintenance functions from the airfield will result in optimized revenue opportunities for airfield space.

The following is a summary of alternatives:

	Annual Cost/ (lost revenue)
Lease office space at another site:	
25, 000 sq. ft. @ $2.90/sq. ft.	$ 870,000
Lease warehouse space at another site:	
283,000 sq. ft. @ $.75 sq. ft.	$ 2,547,000
Estimated Operating Expense:	$ 339,600
Maintain 350 Harbor Way lease:	$ 191,061
Operating Expense:	33,400
Loss of on-Airport development revenue:	$ 3,222,051
Loss of Airport Office lease revenue:	$ 232,000
Lost Opportunity Cost	$ 7,435,112
Proposed Lease and Operating Costs:	$ 6,176,068
Difference	$ 1,259,044

Failure to act on leasing this site will be a missed opportunity that will not likely present itself again.

Item 8 - File 99-0684

Department: Mayor's Office of Public Finance
Mayor's Office of Housing

Item: Resolution authorizing and directing the sale of not to exceed $20,000,000 of City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing), Series 1999A (the Series 1999A Bonds).

Description: In November 1996, the voters of San Francisco approved Proposition A, which authorized the City to issue $100,000,000 in General Obligation Affordable Housing Bonds to (1) finance the development of rental housing affordable to low income households and (2) to provide down payment assistance to low- and moderate-income first-time homebuyers.

In October 1997 the Board of Supervisors established authority for the Affordable Housing and Homeownership Bond Program (File 97-97-56) and approved regulations developed by the Mayor's Office of Housing for the Program (File 97-97-56.1). Mr. Joe LaTorre of the Mayor's Office of Housing advises that, under the Program, the City will issue $20,000,000 in General Obligation Affordable Housing Bond funds each year for five years, for a total of $100,000,000. According to Mr. LaTorre, 85 percent of the funds, or approximately $17,000,000 per year, will be used for affordable rental housing development and 15 percent, or approximately $3,000,000 per year, will be used for down payment assistance loans for first time homebuyers. In October 1997 the Board of Supervisors also established the general terms and procedures for the issuance of bonds under the Program (File 170-97-10) and authorized the issuance and sale of the first series of bonds under the Program (File 170-97-10.1). The first series of $20,000,000 in bonds under the Program, City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 1998A, were issued in the amount of $20,000,000 on February 18, 1998.

This proposed resolution would authorize and direct the sale of the second series of bonds, the Series 1999A Taxable General Obligation Bonds, in an amount not to exceed $20,000,000. The proposed resolution would also approve the

form and terms of documents and official notices related to the bond sale, and authorize City officials to take various actions necessary to carry out the sale of the bonds.

The general provisions of the sale of the Series 1999A Bonds would be as follows:

- The sale of the bonds is tentatively scheduled to be held on May 26, 1999.
- The bonds would be sold at an interest rate which would not exceed 12 percent per year and will mature in the year 2019.
- An official statement describing the bonds to be issued is incorporated in the proposed resolution for approval by the Board of Supervisors. The official statement would be available to all bidders for the bonds.
- Bonds will be awarded to the bidder whose bid represents the lowest interest cost to the City.
- The City Treasurer may appoint fiscal agents or financial institutions to distribute bond interest payments.

Comments:

1. As stated above, under the proposed resolution the annual interest rate of the bonds cannot exceed 12 percent. Ms. Laura Opsahl of the Mayor's Office of Public Finance reports that if the bonds were sold at this time, such bonds would be sold with an overall effective estimated interest rate of 6.1871 percent, and would have an average estimated interest rate of 6.25 percent over the 20-year term of the bonds.

2. The requested maximum bond authorization is $20,000,000. Ms. Opsahl estimates that with a 20-year term for the bonds and assuming an average interest rate of approximately 6.25 percent, the proposed sale of bonds in the amount of $20,000,000 would result in interest costs of approximately $15,556,638 and a total debt service requirement of approximately $35,556,638 over the 20-year term of the bonds. Over the 20-year period, this would result in an average debt service requirement of approximately $1,777,832 per year.

3. Based on an average interest rate of 6.25 percent, the proposed bond sale in the amount of $20,000,000 would result in an increase in the Property Tax rate of $0.003 per $100 of assessed valuation. At that rate, the owner of a single-family residence assessed at $400,000 would pay $11.64 in additional Property Taxes annually due to the issuance of these bonds.

4. Ms. Opsahl advises that the cost of issuing the bonds, including fees for private bond counsel, financial advisory services and the City Attorney's Office, are expected to be approximately $200,000. An appropriation request for such costs from the subject bond sale proceeds will be submitted for approval to the Board of Supervisors at a later date.

5. Under the proposed resolution, the bonds to be sold, in an amount not to exceed $20,000,000, would be taxable General Obligation bonds. According to Ms. Opsahl, with taxable General Obligation bonds, an investor must pay Federal income taxes on interest earnings. Ms. Opsahl estimates that the interest rate that the City would pay on the subject $20,000,000 of taxable General Obligation bonds will be approximately 1.5 percentage points higher than the rate that the City would pay on Tax Exempt General Obligation Bonds.

According to Mr. LaTorre, the subject bonds are unlike other City General Obligation bonds because, under the Affordable Housing and Homeownership Bond Program, the City would not directly expend the proceeds from these bonds but instead would act as a lender of the monies to other parties, which is regarded as a private activity use of these monies. Mr. LaTorre advises that, for private activity bonds to be tax exempt, certain additional governmental approvals would be required.

As noted above, Proposition A, which was previously approved by the voters, specifies that Affordable Housing Bonds should be used to finance the development of affordable rental housing and for downpayment assistance loans to low income households. Mr. LaTorre advises that the portion of the subject bond monies to be used for downpayment assistance loans under this proposed issuance (approximately $3,000,000 out of a total of $20,000,000) could not qualify as tax exempt bonds.

However, under certain circumstances, the portion of the Affordable Housing bonds used to finance the development of affordable rental housing might qualify as tax exempt General Obligation bonds. According to Mr. LaTorre, in order to qualify as tax exempt bonds, the City must (1) receive approval from the California Debt Limit Allocation Committee (CDLAC) through a competitive process; (2) identify all projects to be funded; and (3) complete all projects within three years. However, according to Mr. LaTorre, at this time, applications to build affordable rental housing under the Affordable Housing and Homeownership Program are in various stages of readiness and the City would not be able to meet all the requirements for the issuance of tax exempt Affordable Housing bonds with regard to the Series 1999A bonds. In addition, the private activity bond allocation available to CDLAC for 1999 is heavily oversubscribed, with applications received for approximately three times the amount of available allocation.

6. All future expenditure appropriations of the bond proceeds, including appropriations to the Affordable Housing Bond Housing Fund and for bond issuance costs, would be subject to separate appropriation approval by the Mayor and the Board of Supervisors.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 9 – 99-0431

Department: Ethics Commission
Department of Telecommunications and Information Systems (DTIS)

Item: Supplemental appropriation ordinance in the amount of $56,000 from the General Fund Reserve to fund an On-Line Electronic Filing Program for the Ethics Commission through a work order to the Department of Telecommunications and Information Systems.

Amount: $56,000

Source of Funds: General Fund Reserve

Description: Article XIIB, Section 16.535 of the Administrative Code presently requires that whenever any elected officer, candidate or committee files a campaign finance statement with the Registrar of Voters in accordance with the California Political Reform Act, such elected official, candidate or committee must file at the same time a copy of the campaign finance statement on computer diskette or other electronic media with the Registrar of Voters. A campaign finance statement includes detailed information about the sources and uses of campaign fund contributions.

According to Ms. Ginny Vida of the Ethics Commission, since 1996, such campaign finance statements are now filed with the Ethics Commission, rather than with the Registrar of Voters (see Comment No. 2).

Mr. Vida reports that currently elected officers, candidates and committees have three options to comply with Section 16.535 of the Administrative Code. The first option involves a one-time expense by the elected officers, candidates or committees of $795 for the purchase of computer software. The second option requires on-going costs to elected officers, candidates or committees of approximately $3,000 per year from an online service provider. The third option is to submit a campaign finance statement on an Excel spreadsheet template, which was developed by DTIS and is free of charge to the public.

Mr. Joe Lynn of the Ethics Commission advises that the Ethics Commission staff must manually input campaign finance information, which it receives from persons choosing from the above-noted options, into its computer database, and thereafter, requires DTIS technical assistance to post such information onto the Ethic Commission's website.

The proposed ordinance would appropriate General Fund Reserve monies in the amount of $56,000 to the Ethics Commission to support an Ethics Commission's workorder to DTIS for DTIS to develop an On-Line Electronic Filing Program. Mr. Lynn advises that an On-Line Electronic Filing Program will enable persons to input campaign finance information directly onto an Internet site designated for the Ethics Commission. The Ethics Commission would then confirm and electronically transfer such information to its computer database and finally post the information onto its website.

Mr. Lynn advises that under the On-Line Electronic Filing Program, the Ethics Commission would no longer have to manually input campaign finance information into its computer database or require DTIS's technical assistance when posting such information to its website.

Budget: According to Mr. Lynn, the total estimated cost of the On-Line Electronic Filing Program is $66,000. Therefore, this Program would require an additional $10,000 (total estimated cost of $66,000 less this requested supplemental appropriation request of $56,000). According to Mr. Lynn, $10,000 is available from workorder funds previously appropriated to DTIS for Fiscal Year 1998-99 to analyze the Ethic Commission's requirements for the On-Line Electronic Filing Program. The Attachment, provided by the Ethics Commission, contains the budget details for the total estimated project cost of $66,000.

Comments: 1. According to Mr. Rod Loucks of DTIS, currently DTIS bills the Ethics Commission a total of approximately $13,700 per year for 280 hours at an hourly rate of approximately $49 for DTIS's technical assistance to

Ethics Commission staff who post campaign finance information onto the Ethic Commission's website. Mr. Loucks estimates that after implementation of the On-Line Electronic Filing Program, DTIS will bill the Ethics Commission a total of approximately $17,300 per year in order for DTIS to recover its costs associated with providing approximately 240 hours of service at an hourly rate of $72 to maintain the On-Line Electronic Filing Program in FY 1999-2000. This represents a $3,600 increase in annual DTIS costs for the Ethics Commission. Ms. Vida advises that the funding for such costs has been requested in the Ethics Commission's FY 1999-2000 budget to provide the workorder funds to DTIS for DTIS to maintain the Ethics Commission's existing computer system network.

2. According to Ms. Julia Moll of the City Attorney's Office, the Board of Supervisors has not yet approved legislation to amend the Administrative Code to reflect that with the implementation of the new City's Charter in 1996, persons seeking to comply with Section 16.535 of the Administrative Code must file campaign finance statements with the Ethics Commission, rather than with the Registrar of Voters. Ms. Vida advised the Budget Analyst that she will request the Ethics Commission to consider drafting appropriate legislation to amend the Administrative Code to reflect the fact that campaign finance statement information must now be filed with the Ethics Commission and not with the Registrar of Voters.

Recommendations:

1. Request the Ethics Commission to submit legislation to the Board of Supervisors for the purpose of amending the Administrative Code in order to reflect the fact that campaign finance statement information must now be filed with the Ethics Commission and not with the Registrar of Voters.

2. Approve the proposed ordinance.

Proposed System Deliverables

Requirements Definition Document

Cost: $7,500 (150 hours at DTIS rate of $50.00 per hour)

The definition of system requirements is an important part of any system development effort. To date, general system requirements for electronic filing are known, such as what type of filing forms the system must produce and the file formats for the State of California. Aspects of the system must be explored in more detail and analyzed to make decisions required for system design. Decisions include preferences for the look and feel of the Internet data entry functions, the identification of system edits, a process for approving filed data for transmission to the Ethics Commission Web site, collecting information required for sizing the database and network, identification of reporting requirements, and other tasks associated with scoping and structuring the system. The process of defining requirements involves efforts on the part of the Ethics Commission staff, and various technicians who will architect and build the system. The end result of this effort will be publication of a requirements definition document.

Electronic Campaign Contribution [illegible]

Cost: $36,500 (730 hours at DTIS rate of $50.00 per hour)

A filer would access this system from any PC with a modern Internet browser (at home, business, or in a place like the Public Library) using a pre-assigned password and encryption technology for security purposes. The filer will input campaign contribution data through an Internet Web page, data editing occurs, and data is sent to the Ethics Commission Microsoft Access database. The filer is able to print completed filing forms on his or her PC-connected printer. Filers who have their own PC software that generates an electronic file in the State's standard format would transmit or email this to the Ethics Commission.

Internet Web Site Publication of Filed Campaign Contributions

Cost: $12,000 (240 hours at DTIS rate of $50.00 per hour)

Information that is sent to the Ethics Commission database will be posted to the City's Internet Web site upon confirmation of the data by the Ethics Commission. This will include data from the filing of campaign contribution disclosure information.

Proposed System Deliverables (continued)

[illegible]

Cost: $10,000 (200 hours at DTIS rate of $50.00 per hour)

A series of computer programs will operate in a batch computing environment (non on-line) to perform system audits. These programs will be run by Ethics Commission staff or authorized auditors. Upon submission, these programs will produce a series of reports identifying data exceptions, errors and anomalies found within the campaign contribution database. Data exceptions, errors and anomalies will be defined by the Ethics Commission in conjunction with the California Franchise Tax Board and other agencies.

Proposed System Architecture

A diagram on the next page depicts the proposed technical environment for operation of the electronic campaign contribution disclosure filing system.

Item 10 – 99-0606

Department: Health Services System (HSS)
Department of Human Resources (DHR)

Item: Resolution establishing monthly contribution amount to be made to the Health Services Trust Fund by the City and County of San Francisco, the San Francisco Unified School District, and the San Francisco Community College District for Fiscal Year 1999-2000.

Description: The proposed resolution would establish the dollar amount of the employer's contribution to be made to the Health Service Trust Fund by the City and County of San Francisco (City), the San Francisco Unified School District (SFUSD), and the San Francisco Community College District (SFCCD) for FY 1999-2000.

The Health Services Board and the City and County Health Service System, as required by Charter Sections A8.423 and A8.428, have surveyed the ten most populous counties in the State (excluding San Francisco) to determine the average dollar contribution made by these counties toward each employee's medical care insurance (not including dental and optical care insurance).

In accordance with the Charter, this resolution would establish the FY 1999-2000 monthly contribution rate for health care insurance to be paid by the City, the SFUSD, and the SFCCD, at $180.85 per month, or $2,170.20 annually, for each eligible, active employee, based on the survey results of the average payment made by the ten most populous counties in California, excluding San Francisco, as shown below in order of most to least populous county:

County	Average Contributed Monthly Amount
Los Angeles	$208.79
San Diego	164.99
Orange	214.21
Santa Clara	230.32
San Bernadino	161.80
Riverside	165.98
Alameda	179.08

Sacramento	$176.36
Contra Costa	146.05
Fresno	160.91
Total	$1,808.49

According to HSS, the ten-county survey for FY 1999-2000 indicates that the average employer contribution of the ten most populous counties in California (excluding San Francisco) is $180.85 per month, or $2,170.20 annually, per employee, not including dental and optical care insurance. The City's current FY 1998-99 contribution is $174.76 monthly, or $2,097.12 annually, per employee. The proposed resolution would establish $180.85 as the monthly per employee contribution to be made in FY 1999-2000 by the City, SFUSD, and SFCCD for the health insurance costs of their employees. The proposed monthly rate of $180.85 for FY 1999-2000 represents an increase of $6.09 per month or approximately 3.5 percent from the $174.76 monthly rate currently contributed in FY 1998-99.

Comments:

1. According to Ms. Ann Sommercamp of HSS, the total estimated City and County contribution cost for active employees during the current FY 1998-99 is $51.2 million. According to DHR, based on the current membership in HSS of approximately 25,607 active HSS members and the projected 3.5 percent increase in the employers' contribution rate for FY 1999-2000, the total employer contributions to the Health Service Trust Fund are expected to increase by $1.7 million from the FY 1998-99 level of $51.2 million to an estimated $52.9 million for FY 1999-2000. Of the estimated $52.9 million in employer contributions in FY 1999-2000, approximately $36 million, or 68 percent, would be contributed from the City's General Fund, according to DHR.

2. As previously noted, the City's contribution for health care coverage in FY 1999-2000 is equal to the average contribution of the ten most populous counties in California, excluding San Francisco, as determined by an HSS survey taken in January 1999. Given that the surveyed counties may subsequently increase or decrease their actual contributions for FY 1999-2000, San Francisco's contribution may, in fact, be greater or less

than the actual average contributions to be provided by the ten counties in FY 1999-2000. However, because HSS is required by the Charter to collect the comparative data in January of each year, HSS is not able to set its FY 1999-2000 rates based on the final FY 1999-2000 rates of the other ten surveyed counties.

3. According to DHR, the estimated $52.9 million in total employer contributions for active employees for FY 1999-2000 does not include either (a) the cost of employer contributions toward dependent health insurance as a result of various collective bargaining agreements, (b) the cost to provide health coverage for retirees, or (c) the cost of employee health coverage for registered nurses, whose employer contribution rates are set without reference to the ten-county survey.

Recommendation: Approve the proposed resolution.

Item 11 – 99-0626

Department: Department of Public Health (DPH), AIDS Office

Item: Resolution authorizing the Department of Public Health to expend a continuing allocation of grant funds in the amount of $434,319, for the nine-month period of June 1, 1999 through February 28, 2000, from the Ryan White Comprehensive AIDS Resources Emergency (CARE) Disaster Relief Grant to replace home health care contractual services with similar services to be performed by City employees.

Amount: $434,319

Source of Funds: U.S. Department of Health and Human Services - Ryan White CARE Disaster Relief Grant

Description: Section 12.4 of the Annual Appropriation Ordinance states that the Department of Public Health (DPH) shall not expend funds or add City employees to replace currently funded contractual services, provided by any type of organization, with services provided by City staff without the specific prior approval of the Board of Supervisors. This provision of the Annual Appropriation Ordinance was added by the Board of Supervisors in January of 1998, after DPH requested retroactive approval of a similar conversion of home health care services from a contract with Visiting Nurses Hospice Group, a non-profit organization, to a City program utilizing City employees.

Approval of this proposed resolution would authorize the Department of Public Health (DPH) to expend a continuing allocation of grant funds in the amount of $434,319, for the nine-month period of June 1, 1999 through February 28, 2000, from the Ryan White Comprehensive AIDS Resources Emergency (CARE) Disaster Relief Grant to hire additional City employees to assume provision of home health care services currently provided under a contract with the Visiting Nurses Hospice Group.

The CARE grant provides disaster relief assistance to localities that are disproportionately affected by the AIDS epidemic. The CARE grant is administered by the U.S. Department of Health and Human Resources. The allocation of the CARE grant funds into a comprehensive budget is the responsibility of the HIV Health Services Planning Council, a body whose 28 members are appointed by the Mayor. The distribution of these funds for FY 1999-2000, as set by the HIV Health Services Planning Council, included $434,319 for contractual services to provide home health care for persons with AIDS residing in San Francisco.

Ms. Anne Okubo of DPH advises that currently the Visiting Nurses Hospice Group provides home health care, through a contract with DPH, to persons with AIDS residing in San Francisco. This contract is funded with CARE grant funds and expires on May 31, 1999. Attachment I, provided by DPH, contains descriptions of the home health care services provided under the Visiting Nurses Hospice Group contract.

According to Ms. Okubo, DPH initiated a Request for Proposal process on February 1, 1999 to award a contract for the continuation of the subject home health care services beginning on June 1, 1999. Ms. Okubo states that proposals were due February 19, 1999. To date, DPH has received only one response from the Nurse Providers Home Health Group (NPHH), a private firm. The existing contractor, the Visiting Nurses Hospice Group, did not respond to DPH's request for proposals because, according to Ms. Nola Della-Monica of the Visiting Nurses Hospice Group, California Pacific Medical Center, which operates the Visiting Nurses Hospice Group, made a policy decision not to renew any of its existing contracts with the City.

According to Ms. Okubo, DPH has not awarded the contract to NPHH because NPHH submitted a bid in the amount of $636,306 to perform only a portion of the total home health care services, which are currently provided by the Visiting Nurses Hospice Group. Furthermore, Ms. Okubo states that the cost for NPHH to perform only a portion of the home health care services would be greater

than DPH's in-house cost to assume provision of the same volume of services as currently provided by the Visiting Nurses Hospice Group. As such, Ms. Okubo advises that if the proposed resolution is approved, DPH's AIDS Office intends to use the subject CARE grant funds of $434,319 to fund a workorder to DPH's Health Home Agency (HHA) for HHA to (1) hire 10.4 FTE additional staff on a temporary basis to provide all of the home health care services, except home infusion therapy and (2) fund a professional services contract for home infusion therapy services for the nine-month period of June 1, 1999 through February 28, 2000.

Budget:

The total project budget for the nine-month period of June 1, 1999 through February 28, 2000 is as follows:

Permanent Salaries	$249,337
Fringe Benefits @ 15%	37,170
Temporary Salaries	67,786
Fringe Benefits @ 8%	5,190
Subtotal	$359,483
Professional Services (Contract for Home Infusion Therapy)	74,836
Total	$434,319

The details supporting this budget are shown in Attachment II, provided by Ms. Okubo.

Comments:

1. According to Ms. Okubo, if the Visiting Nurses Hospice Group had continued to provide the subject home health care services, the cost of such services would have been equal to this budget of $434,319 as shown above.

2. Ms. Okubo states that DPH intends to designate the new positions as "Grant-funded" so that authorization for these positions will end if CARE grant funds are not renewed after February 28, 2000.

3. Ms. Okubo also states that DPH intends to award the professional services contract for the home infusion therapy services through a competitive selection process.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

(1) In-home Respite and Home Care Services
Short-term para-professional care for persons living with AIDS or debilitating HIV disease who require supervision or care due to physical and/or mental status deterioration. Care should also be rendered to periodically relieve family and friends who are caretakers of homebound clients. The target population is San Francisco residents who are low income and who have histories of substance use and/or who are persons of color. Priority needs to be given to patients who are uninsured and, secondarily, to patients who are insured but the needed services are not reimbursed by any other source of revenue. Services need to include homemaker, home health aide, personal care, attendant care, and non-medical assistance with cooking, cleaning, running errands, accompanying patients to scheduled medical or related appointments, childcare responsibilities and related household tasks. Services must be provided in accordance with a plan of care that has been developed by a local physician who assumes responsibility for the medical care of the patient. It is projected that services will be provided to 30 patients per year. It is anticipated that each client will receive an average of 96 hours of service per year. Please specify the projected cost per hour for this service. Also, any agency that submits a Letter of Interest for these services, must be a licensed home care agency.

(2) Home Care for Low-Income Hotel Residents
Services include skilled nursing interventions, medical social work, physical and occupational therapy, home care aide, peer advocacy and/or volunteer services. The target population is San Francisco residents with AIDS/HIV disease residing in residential hotels, other marginal settings in the Tenderloin or other low-income areas of San Francisco who require home health care services. It is anticipated that most clients will reside in the Tenderloin, Mission District, Western Addition, and Bayview districts of the City. Patients must be low income. Priority must be given to persons who are active substance users or who have histories of substance use and/or to persons of color. Patients may have mental health problems including mild to severe dementia. Priority must be given to patients who are uninsured and, secondarily, to patients who are insured but the needed services are not reimbursed by any other source of revenue. These AIDS/HIV clients may have periods of health improvement in which they no longer meet homebound qualification for Medi-Cal reimbursement yet still need continued home care services to prevent relapse into homebound status or more expensive institutional care. An interdisciplinary team of Registered Nurses, Social Workers, Physical and Occupational Therapists, Home Care Aides and Peer Advocates must provide these services. Peer Advocates are generally HIV+ individuals who are paid to provide support services to clients. Peer Advocates complete a wide variety of activities including accompanying clients to medical and other appointments; assisting clients to access services and to adhere to medication regimes; providing practical support such as grocery shopping, washing dishes, running errands, laundry, etc. Community volunteers may also assist. Home health disease management must include assessments, skilled nursing care and case management, patient education, medication management, social work services, home care aide services, 24-hour on-call, and supervision. It is expected that this program will coordinate closely with the Bridge Project, operated by Lutheran Social Services, in serving clients from this program who live in Tenderloin hotels and other low-income residential settings. It is expected that this program will serve 100 clients per year with an average duration of services of 10 weeks. Although there is significant variation in individual client need, it is expected that an average of 100 hours of service will be provided per client during their 10 weeks of contact with the program. Please specify the projected cost per patient day of service for this program.

(3) Home Infusion

Although there are outpatient infusion services available at San Francisco General Hospital, as patients deteriorate physically and neurologically, it becomes increasingly difficult, expensive and impractical for them to come into a clinic for care. Home infusion services include the provision of comprehensive home infusion therapy services and instruction, when appropriate, to patients and/or their caregivers leading to self-administration of intravenous medications. The target population for this program is San Francisco residents with AIDS who require infusion therapy services and can demonstrate compliance with medication regimes at home, in residential hotels or other congregate residential settings. Patients must be low income. Priority must be given to patients who are uninsured and, secondarily, to patients who are insured but the needed services are not reimbursed by any other source of revenue. Priority should also be given to patients from San Francisco General Hospital and the Department of Public Health Primary Care Network. It is expected that approximately 40% of all patients will be able to self administer medication after a few teaching visits and that 60% will require long term home nursing services to administer prescribed medications. It is expected that 97% of all patients will be on long-term therapies. It is expected that home infusion visits will last 1.5 to 2 hours and sometimes as long as 4 hours for certain medications. Specific services must include the following:

- preparation and delivery of medications
- provision of supplies needed to carry out home infusion therapy
- hospital visits prior to hospital discharge for patient/caregiver instruction
- visits at home for evaluation and case management
- serve as liaison between patient and physician
- monitor other physical and psychosocial needs and, as indicated, identify and make referrals to other disciplines to make home visits to carry out plan of care
- induction
- periodic patient monitoring (at least monthly)
- perform blood draws and deliver to appropriate laboratories
- cytotoxic waste disposal
- maintenance of home infusion therapy including maintenance of the central line for infusion, administration of the medication and dressing changes
- provide directly or through collaborative arrangements 24-hour on call nursing support for patients requiring services after regularly scheduled visits, especially during the evening, night and weekend. This on call nursing service must include triaging phone calls, providing information for the patient or caregiver, making home visits if indicated, and back-up system for emergencies.

This program will not include the cost of medications. This program must operate 7 days per week, 24 hours per day. Services must be provided in accordance with a plan of care that has been developed by a local physician who assumes responsibility for the medical care of the patient. It is expected that this program will serve 15 patients per year. Assume an average length of stay of 60 days. Assume that 8 of the clients have Medi-Cal and that 7 do not. Please specify the projected cost per patient day. A patient day is defined as any day a patient is on service and can include visits prior to hospital discharge, visits at home after discharge, or any day that therapy is self-administered (i.e., by the patient or care giver). Please clearly indicate the projected infusion pharmacy costs in your budget. This service includes the preparation and delivery of medications such as Gancyclovir, Foscarnet, Amphotericin-B, Acyclovir, and other medically indicated chemotherapy agents as well as the delivery of supplies, equipment and cytoxic waste containers.

Attachment II

Department of Public Health
Home Health
Conversion of Contract to Civil Service

Perm Salaries

Class	Title	Months	FTE's	Biweekly Rate	Expense
2583	Home Health Aide	9	4.0	$ 945	$ 73,994
2920	Med Social Worker	9	0.5	2,115	20,701
1424	Clerk Typist	9	1.0	1,161	22,727
2320	Registered Nurse	9	2.8	2,236	122,555
2556	Physical Therapist	9	0.1	2,161	4,230
2328	Nurse Practitioner	9	0.1	2,621	5,131
	Subtotal Perm Salaries		8.50		249,337

Temporary Salaries

Class	Title	Months	FTE's	Biweekly Rate	Expense
2583	Home Health Aide	9	1.0	$ 945	$ 18,498
2920	Med Social Worker	9	0.1	2,115	4,140
P103	Per Diem Nurse	9	0.8	2,883	45,148
	Subtotal Temp Salaries		1.90		67,786

Subtotal Salaries			317,123
Fringe Benefits - Perm Salaries	15%	37,170	
Fringe Benefits - Temp Salaries	8%	5,190	
Subtotal Fringe Benefits			42,360
Professional Services (1)			74,836
Total			$ 434,319

(1) Infusion contract

Post-it® Fax Note 7671	Date	# of pages ▶ 3
To Gabe	From Anne Okubo	
Co./Dept.	Co.	
Phone #	Phone #	
Fax # 252 0461	Fax #	

Item 12 – File 99-0678

Department: Department of Public Health (DPH)
Department of Public Works (DPW)

Item: Hearing to consider the release of reserved funds in the amount of $86,950 to fund preliminary design work for the C-Med Building located at 2789 25th Street.

Amount: $86,950

Source of Funds: Previously appropriated and reserved proceeds from the sale of Certificates of Participation (COPs).

Description: In May 1997 the Board of Supervisors approved a resolution authorizing the City to purchase a building located at 2789 25th Street, known as the C-MED Building, a portion of which was at that time leased by the City.

The C-MED Building is currently used to house administrative staff for the Community Health Network.

The May 1997 resolution authorized the issuance of up to $15,000,000 in Certificates of Participation (COPs).[1] The source of funds for payment of annual debt service for the COPs and operations and maintenance costs is the San Francisco General Hospital Operating Budget.

In September 1997, the Board of Supervisors appropriated $10,665,000 of COP proceeds (File No. 101-97-17) for the Department of Public Health to finance the purchase, renovation and tenant relocation costs related to the C-Med Building. Attachment 1 contains a schedule of the $10,665,000 in costs for the C-MED Building. Funds of $1,066,000 from the proceeds of the COPs were placed on reserve, including $726,000 for building improvements, pending the selection of contractors and submission of additional budget details. DPH is now requesting the release of $86,950, out of $1,066,000 on reserve, to pay for the first phase of work, involving

[1] A Certificate of Participation (COP) is a financing technique that provides long term financing through a lease or installment sales agreement.

preliminary design work and minor demolition and improvements.

Budget: A summary budget for this request of $86,950 is as follows:

Description of Work	Estimated Cost
Preliminary Design - DPW	$20,000
Contractual Services:	
Demolition/Repairs	2,960
Carpet and Linoleum	2,583
Electrical	4,368
Painting	7,590
Modular Office Equipment	49,449
Subtotal	$66,950
Total	$86,950

Attachment 2, provided by Ms. Zmuda, identifies the contractors selected, the amounts allocated to each contractor, and the work to be performed by each contractor. In addition, the Budget Analyst has examined documentation supporting Attachment 2 for the work to be performed.

Comment: Each of the contractors for the work described above was solicited from a pool of contractors (identified on Attachment 3) established by DPH in September 1998 and selected on a competitive basis.

Recommendation: Approve the requested release of reserved funds.

ATTACHMENT 1

Department of Public Health
CMED Building
2789 25th Street
Acquisition Costs

Purchase Price		$ 8,074,000.00
Building Improvements		726,000.00
Relocation Costs of Existing Tenants		300,000.00
Project Costs	Appraisal Services	16,700.00
	Arbitration Fees	10,000.00
	City Attorney	90,000.00
	Department of Real Estate	58,300.00
	Contingency	100,000.00
	Subtotal	275,000.00
Financing Costs		
	Debt Service Reserve Fund	886,422.50
	Underwriter's Discount	159,975.00
	Moody's Rating	10,000.00
	S & P Rating	10,000.00
	Fitch Rating	9,000.00
	Trustee Fee	7,500.00
	Financial Advisor Fee	9,500.00
	Financial Advisor Expense	1,000.00
	Bond Counsel	70,000.00
	Bond Counsel Expenses	7,500.00
	City Attorney	25,000.00
	Controller	20,000.00
	Public Finance	20,000.00
	Printing	15,000.00
	Advertising	3,500.00
	ALTA Title Policy	15,000.00
	Property & Casualty Insurance	15,000.00
	Misc./Contingency	5,602.50
	Subtotal	243,602.50
Subtotal Financing Costs		1,290,000.00
Total Costs		10,665,000.00

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Department of Public Health
CMED Building
Release of Reserve

Description of Work	Name of Contractor	Amount
Preliminary design - mechanical systems (air conditioning)	DPW	$ 20,000
Demolition and repair - walls to prepare for modular equipment	Agbayani Construction, Inc.	2,960
Carpet - removal of old carpeting and replacement with new carpeting	Anderson Carpet & Linoleum Sales, Co., Inc.	2,583
Electrical - relocate outlets and data ports	McClure Electrical	4,368
Painting - repainting of office (last painted 10 yrs ago)	Sabel Painting Company	7,590
Modular office equipment - installation of cubicles	Space Designs	49,449
		$ 86,950

FAX MEMORANDUM

April 15, 1999

TO: Anne Okubo
DPH Finance
Fax 554-2808

James Edison
Budget Analyst
Fax 252-0461

FROM: Carlos Villalva
CHN Facility Management

FAX: 206-4515

RE: Release of Funds Held on Reserve - CMED Building
Supplementary Information
96004
95008

As requested, below is the list of contractors who currently are on contract to the CHN in an as-needed pool, from which one of each trade was selected for specific minor repairs at the CHN Headquarters.

Agbayani Construction	carpentry
Adolph Schmidt	carpentry
Angotti and Reilly	carpentry
Sabel Painting	painting
Baca & Sons	painting
Monticelli Painting	painting
McClure Electric	electrical
Sierra Electric	electrical
Anderson Carpet and Linoleum	flooring
Floor Trends	flooring

Office of Architecture and Facility Planning
COMMUNITY HEALTH NETWORK of SAN FRANCISCO
Bldg 10, Room 1118, 1001 Potrero Avenue
San Francisco, CA 94110

Item 13 – File 99-0508

Department: Department of Administrative Services (DAS)

Item: Resolution authorizing the Department of Administrative Services Commute Assistance Program to create a program which would provide City employees with an option to take advantage of a "pre tax" salary deduction program to subsidize employees' cost of using public transit.

Description: The Federal Transportation Equity Act for the 21st Century, signed into law in June, 1998, included an amendment to the Internal Revenue Service (IRS) Code that would permit employers to deduct up to $780 per year from employees' salaries on a "pre-tax" basis in order to pay for public transit expenses. The pre-tax salary deduction program is intended to encourage the use of public transit for commuting. City employees would receive vouchers in the amount of the pre-tax salary deduction that could only be used for public transit. The employees would realize a savings by not paying Federal Income Tax on up to the $780 annual deduction.

The proposed resolution would authorize the DAS Commute Assistance Program to create the pre-tax salary deduction program and authorize the Purchaser to conduct a one-year pilot project to analyze any costs and savings of the pre-tax salary deduction program. The results of the pilot project would be reported to the Mayor and Board of Supervisors for consideration of creating a permanent salary deduction program.

The cost of the program is expected to be approximately $4 to $5 per participating employee per month. This cost would be in the form of payments to an existing City third party benefits administrator who would provide tracking, accounting, reporting and marketing services. A savings would also be realized as the City would not be required to pay Social Security and Medicare contributions of 7.65 percent on the salary deduction in an amount of up to $780. The payments to the third party benefits administrator would be made from departmental appropriations for mandatory fringe benefits.

The net incremental cost to the City would therefore depend on 1) the actual cost of the third party benefits administrator; 2) the number of employees' participating in the salary deduction program; and, 3) the savings to the City through reduced Social Security and Medicare payments.

According to Chief Deputy Controller John Madden, the salary deduction program would not result in increased payroll processing costs for the City.

The Attachment to this report, submitted by Mr. Rick Ruvolo of the DAS, provides more detailed information for the proposed pre-tax salary deduction program.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Memorandum

To: Chairman Yee and the Members of the Finance Committee
From: Rick Ruvolo - Coordinator, City Employees Commute Assistance Program (CECAP)
Through: Steve Nelson - Director, Department of Administrative Services
Date: April 15, 1999
Re: Tax Free Transit Subsidy Proposal for City Employees

Commuter Choice Program Allows Tax Free Transit Benefits

Recent federal legislation now provides an exciting opportunity to:

1) **Subsidize** employee transit expenses
2) **Reduce** General Fund payroll tax obligations
3) **Increase** MUNI revenue/ridership
4) **Decrease** the demand for parking
5) **Continue** innovative programs to improve air quality

The Transportation Equity Act for the 21st Century (TEA-21) was signed into law by President Clinton on June 9, 1998. A section of this omnibus federal transportation legislation (Title IX, Section 910) amended the federal tax code, Internal Revenue Code Section 132(f) to allow employers to offer their employees a pre-tax salary reduction as a way to pay for transit tickets. This transportation benefit is known as the Commuter Choice program.

The Commuter Choice program allows employees to have pre-tax salary reduced by up to $780 per year to pay for transit (the $780 maximum deduction likely will be increased in future years). By using pre-tax dollars to pay for transit expenses, employees can save a significant amount of money. For every dollar of taxable salary reduced, employees can reduce their transit costs by approximately 40% (assuming a combined Federal/State income tax of 33% and FICA/Medicare deductions of 7.65%). Through this program, employees can save between $125 to $325 per year on transit costs, depending on salary reduction amount and tax bracket. Looked at another way, $65 worth of monthly transit could cost as little as $40 and $35 worth of monthly transit could cost as little as $20.

The commuter choice program also offers savings for the employer. The City and County of San Francisco will save 7.65% in payroll tax for every employee salary dollar reduced. Savings are realized through a reduction in the employer share of FICA/Medicare. Savings generated through this program will help pay for the administrative cost of the program.

The specifics of the Commuter Choice portion of the TEA-21 legislation are still undergoing interpretation by the Internal Revenue Service. In the interim, the Department of Administrative Services would like to initiate a one year demonstration Commuter Choice program for City and County of San Francisco employees. The demonstration program will help determine the level of interest in Commuter Choice benefits and help the City develop a cost effective and efficient permanent program.

The City Employees Commute Assistance Program (CECAP) will oversee the implementation of the demonstration program with the assistance of the Office of the Controller/Payroll. During the one year demonstration period, the program will be administered by a third party administrator, Employee Benefit Specialists (EBS), which currently has a contract with the City. EBS will provide tracking, accounting, reporting, marketing, and other administrative services. Negotiations currently are under way with EBS and it appears that the program will cost between $4 to $5 per participant (part of this cost is a 3% administrative fee imposed by the Commuter Check voucher vendor). Most of the program costs will be covered by the reduction in payroll taxes mentioned previously.

This program will be available to all employees of the City and County of San Francisco. Employees will receive information about the program with their paychecks, along with a deduction form. Employees interested in the program will choose a deduction of $15, $20, or $30 per pay period and forward the form to Payroll. Payroll will enter all deduction requests into the payroll computer and forward copies to EBS. EBS will order the Commuter Check vouchers and mail them to the program participants' home address. Participants may use the Commuter Checks at most locations that sell transit tickets. Participants may elect to discontinue the deduction, if they wish.

We are excited about this program. We believe that the opportunity to use pre-tax dollars for transit expenses will provide employees with a valuable transportation benefit. We anticipate that this program will not impose a significant financial burden on the City, though this issue and all other aspects of the program will be analyzed during the demonstration period.

Please feel free to contact our office with any questions you may have about the Commuter Choice program.

Thank you.

Memo to Finance and Labor Committee
April 21, 1999 Finance and Labor Committee Meeting

REVISED April 20, 1999

Public Library
Gov't Info. Ctr.
ATTN: Susan Hom

Item 14 – 99-0627

Department:	Department of Public Health (DPH) Department of Real Estate (DRE)
Item:	Resolution authorizing and approving a master lease by and between the City and County of San Francisco, through the Department of Public Health, as the lessee, and 238 Windsor Associates, as the lessor, for the "Windsor Hotel" located at 238 Eddy Street.
Location:	238 Eddy Street
Purpose of Lease:	Secure affordable housing for low-income City residents who are medically frail, are at-risk of homelessness, have recently exited homeless shelters, or have recently left a residential treatment program.
Lessor:	238 Windsor Associates
Lessee:	City and County of San Francisco
No. of Sq. Ft. and Cost Per Month:	Approximately 45,800 square feet at a cost of approximately $0.68 per square foot or $31,200 per month.
Annual Cost:	$374,400
Utilities and Janitorial Services:	The lessee would be responsible for utilities and janitorial service.
Term of Lease:	Ten-year term beginning on May 1, 1999 and terminating on April 30, 2009. The lease can be cancelled by either party after giving 100 days notice.
Source of Funds:	For FY 1998-99 costs of $62,400 for the two-month lease period from May 1, 1999 through June 30, 1999, DPH would fund the lease with previously appropriated, but unspent General Fund monies. For FY 1999-2000 costs of $374,400, DPH would fund the lease from General Fund monies requested by DPH for the FY 1999-2000 DPH budget.

Description: Under the proposed resolution, the City would enter into a master lease with 238 Windsor Associates in order to sublease the 104 single residential occupancy (SRO) units at an average rent of $300 per month ($31,200 per month divided by 104 units) at the Windsor Hotel to eligible Direct Access to Housing Program participants. The Direct Access to Housing Program makes available affordable housing with DPH-provided on-site support services such as mental health services, life skills development, and access to medical care in order to stabilize the housing situation and improve the health of the program clients. According to Ms. Pam Sims of DPH, the program seeks to address the lack of affordable housing in the City which has exacerbated the health status of indigent and homeless persons who cycle in and out of emergency or crisis service systems such as medical facilities, treatment centers, homeless shelters, and jail. Ms. Sims explains that the program was designed to fill the housing gap between emergency shelter/health systems and permanent affordable housing, and to better utilize these crisis shelter and health services.

According to Ms. Sims, a homeless adult is eligible to participate in the program if he or she is extremely low income (defined by DPH as less than or equal to 20 percent median income upon entry into the program) and has a history of living on the streets, in emergency shelter or other temporary housing; or has been released from institutional, acute or transitional settings; or has a history of rotating through various systems of care without prolonged stabilization in their housing or health status. Homeless adults would be referred to the Program by emergency shelters, other temporary housing programs, or street outreach and treatment programs.

In addition to the on-site support services, which consist of mental health services, life skills development, and medical care, DPH would provide a rental subsidy for the clients. The tenants would be required to pay 50 percent of their estimated monthly income of $464, or an average of $232 per month, toward the $300 monthly rent charged for a SRO unit at the Windsor Hotel. The portion of the rental charge paid by the tenant would usually come from

Supplemental Security Income (SSI) or some other public assistance, according to Ms. Sims. The rent subsidy would be available for two years, with the possibility of an extension if the tenant, for example, either cannot find permanent housing, or just obtained employment and has not saved enough funds for a security deposit on an apartment, or is experiencing a deteriorating health condition. The length of the extension, according to Ms. Sims, is determined on a case by case basis, depending on the client's situation, by DPH program staff.

DPH would contract with The John Stewart Company, selected through a Request for Proposal (RFP) process (RFP No. 020-98), to perform the property management and administrative functions of the Direct Access to Housing Program related to the Windsor Hotel. Ms. Sims reports that this proposed contract is scheduled to be heard at the April 20, 1999 Health Commission meeting. Ms. Sims states that no other company submitted a bid for this contract during the RFP process which was conducted in September 1998. The RFP was mailed to over 300 firms.

According to Ms. Sims, program costs for the FY 1998-99 period of May 1, 1999 through June 30, 1999, would be $328,571, which includes the $62,400 lease amount payable to the Windsor Hotel based on a $31,200 per month for 42 Program participants (see Comment No. 3), $71,136 for the on-site services, and $195,035 for operating costs. The program costs for the FY 1999-2000 period of July 1, 1999 through June 30, 2000 would be $1,428,771, which includes the $374,400 lease amount payable to the Windsor Hotel based on $31,200 per month for 104 Program participants at an average monthly rent of $300 per participant, $427,755 for the on-site services, and $626,616 for operating costs. The total costs for the DPH Direct Access to Housing Program for the proposed 14-month contract period from May 1, 1999 through June 30, 2000 is $1,757,342, for the utilization of 104 units at the Windsor Hotel, as summarized below:

Category	Amount
John Stewart Co. Contract for Operating and Capital Expenses	$821,651
Windsor Hotel Building Lease	436,800
DPH On-Site Services	498,891
Total	$1,757,342

Attachment I provided by DPH details the expenditures for the proposed program budget of $1,757,342, including the $436,800 for the lease costs (circled on Attachment I) of the 14-month contract.

The Windsor Hotel would receive a total of $436,800 to cover the lease costs of the 14-month contract which is $31,200 per month for 104 participants. The John Stewart Company would receive $821,651 to (a) purchase furniture, equipment, and maintenance supplies, (b) provide operations staff, including desk clerks and maintenance workers, to operate the facility, (c) perform other administrative functions related to the operation of the Direct Access to Housing Program, such as credit reports and insurance payments.

The source of funds for the project costs of $1,757,342 for the 14-month contract period would be as follows:

Source	Amount
General Fund	$1,363,925
($301,816 from FY 1998-99 Budget and $1,062,109 from FY 1999-2000 Budget)	
Hilton Foundation Grant	115,000
(through the Corporation for Supportive Housing)	
Anticipated Rental Income	278,417
Total	$1,757,342

Ms. Sims reports that currently, there are 25 Direct Access to Housing Program participants who live at the Pacific Bay Inn, located at 520 Jones Street. These 25 participants pay an average monthly contribution of $232 toward the $350 monthly rent and $250 average monthly cost of on-site services at the Pacific Bay Inn. All current program clients live at the Pacific Bay Inn, located at 520 Jones Street.

At the Windsor Hotel, the 42 persons presently occupying 42 units pay an average of $343. The actual cost of the lease, on-site services and operating expenses is approximately $1,000 per month. Of the 42 persons currently at the Windsor Hotel, all are low-income and 31 participate in a similar program administered by the Tenderloin Housing Clinic (THC). Ms. Sims explains that these 42 persons would be screened and cycled into the DPH Direct Access to Housing Program, as needed. The anticipated rental income of $278,417 for the 14-month contract period reflects the contribution of the existing 42 participant tenants, according to Ms. Sims. The anticipated rental income of $278,417 was calculated by multiplying the $343 average monthly rent contribution by each of the existing 42 tenants for 14 months plus the $232 average monthly rent contribution by each of the new tenants expected beginning in July and increasing each month until the program reaches capacity at 104 units, as explained in Attachment II provided by DPH. According to Mr. Harry Quinn of DRE, under the proposed lease, all 104 units in the Windsor Hotel would become available to DPH for the Direct Access to Housing Program within ten days of the Mayor's and Board of Supervisors approval of the proposed lease.

Comments:

1. The proposed resolution would authorize the Director of Property to make any additions, amendments, or other modifications to the proposed master lease agreement without prior approval of the Board of Supervisors if such amendments are in the best interest of the City and do not materially increase the City's obligation.

2. The proposed resolution would authorize DPH to include in the master lease a clause, in a form approved by DRE and the City Attorney, that would indemnify and hold harmless the Lessor from any claims incurred as a result of the City's use of the premises. According to Mr. Ted Lakey of the City Attorney's Office, these waivers are standard and pose minimal additional risk to the City. Mr. Lakey states that this provision would require the City to defend and pay damages assessed against the Lessor arising out of negligence by the City in the performance of the proposed contract. Mr. Lakey advises that the City has entered into other agreements which

include similar indemnification provisions and waivers and that the risk of additional liability to the City is minimal.

3. DPH anticipates that there would not be a significant number of new tenants for the first two months of the lease period from May 1, 1999 through June 30, 1999 because the Direct Access to Housing Program is a new program, and DPH staff needs to inform emergency shelters and other transitional housing facilities about the availability of the program. The City is required to pay the rent for the entire 104 units of the Windsor Hotel, even if only 42 units (total number of existing tenants) of the total 104 units are occupied.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

H. M. Rose

Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

ATTACHMENT I
Page 1 of 1

Draft Windsor Hotel Budget
April 5, 1999

		Start-Up (May)		One Year Budget (July'99-June'00)
Initial Capital Costs				
Furniture, Equipment & Reserves		125,727.00		
Maintenance Supplies		3,545.00		
Maintenance & Damage Deposit	0.5	31,200.00		
Rent		62,400.00		
Subtotal		222,872.00		
Operating				
JSCo				
Administrator	1	6,666.00	1	$40,000.00
Asst. Administrator	1	4,666.00	1	$28,000.00
Desk Clerks	4.22	10,248.00	4.22	$61,320.00
Maintenance Worker	1	5,200.00	1	$31,200.00
Asst Maintenance Worker	0.5	1,820.00	0.5	$10,920.00
Janitor	0	0.00	1	$18,680.00
Security	0	0.00	1	$22,000.00
Vac/Sick/Hol/Em Cov	0	0.00	0	$0.00
		28,600.00		$212,120.00
Benefits @ 17%		4,802.00		$36,448.00
Sub-totals	7.72	33,402.00	9.72	$248,568.00
Indirect Costs @ 1.5%		501.00		$3,729.00
Total		33,903.00		$252,297.00

	Start-Up (May)	One Year Budget (July'99-June'00)
Credit Reports	660.00	$1,485.00
Administrative	0.00	$75,436.00
Utilities	0.00	$63,600.00
Repairs and Maintenance	0.00	$58,980.00
Maintenance & Damage Deposit	0.00	$31,200.00
Insurance and Taxes	0.00	$32,880.00
Service	0.00	$1,200.00
Building Lease	0.00	$374,400.00
Furniture, Equipment & Reserves	0.00	$109,538.00
Subtotal	660.00	$748,719.00
Total	257,435.00	$1,001,016.00
GRAND TOTAL OPERATIONAL & LEASE COSTS		1,258,451.00

TOTAL P.02

TOM WADDELL HEALTH CENTER
DIRECT ACCESS TO HOUSING PROGRAM
WINDSOR PROJECT BUDGET

Sub/Obj:	Expenses:				PROJECTED COSTS FOR 1 YEAR:			
011	I. Personnel Expenses:							
	Position Title:	Class	FTE	Base Salary:	Salary	Fringe Benefits:	Fringe Benefit Costs:	Total Costs:
	Physician Specialist	2230	0.25	93,404	23,368	16.45%	3,810	26,978
	Registered Nurse	2320	1.25	63,840	79,800	16.00%	12,768	92,568
	Psychiatric Social Worker	2930	1.00	60,865	60,865	26.12%	15,898	76,763
	Sr. Medical Social Worker	2922	1.00	63,554	63,554	25.00%	15,889	79,443
	Health Worker III	2587	2.00	39,672	79,344	28.88%	22,916	102,260
	Eligibility Worker	2903	1.00	37,845	37,845	31.45%	11,902	49,747
	Sub-Total Personnel Expenses:		6.50		344,774		82,981	427,755
	GRAND TOTAL FOR WINDSOR PROJECT:							427,755

Two-month cost for on-site service 71,136
$498,891

Post-it® Fax Note 7671	Date 4/16 # of pages ▶
To Shirley	From
Co./Dept.	Co.
Phone # 252-0461	Phone #
Fax #	Fax #

ATTACHMENT II

2/22/99

98-99 2-mos current tenants

	May	May-rev	June	June-rev
Existing	42	$14,406.00	42	$14,406.00
DAH	0	$0.00	0	$0.00
Subtotals	42	$14,406.00	42	$14,406.00
Grand Total		$28,812.00		
(Vacancy)		-$2,016.84		
		$26,795.16		

99-2000 1-Year Budget

	July	July-rev	Aug	Aug-rev	Sept	Sept-rev	Oct	Oct-rev	Nov	Nov-rev	Dec	Dec-rev	Jan	J
Existing	42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$
DAH	10	$2,320.00	20	$4,640.00	30	$6,960.00	40	$9,280.00	52	$12,064.00	52	$12,064.00	52	$
Subtotals	52	$16,726.00	62	$19,046.00	72	$21,366.00	82	$23,686.00	94	$26,470.00	94	$26,470.00	94	$
(7%Vacancy)		$1,170.82		$1,333.22		$1,495.62		$1,658.02		$1,852.90		$1,852.90		
Subtotals		$15,555.18		$17,712.78		$19,870.38		$22,027.98		$24,617.10		$24,617.10		$
1Year Subtotal		$272,103.12												
(Vacancy)		-$20,480.88												
		$251,622.24												
14-Mo Net Total		$278,417.40												

Variables:

$343.00
$232.00
7%
0%

8

Jan-rev	Feb	Feb-rev
$14,406.00	42	$14,406.00
$12,064.00	52	$12,064.00
$26,470.00	94	$26,470.00
$1,852.90		$1,852.90
$24,617.10		$24,617.10

ATTACHMENT II

March	Mar-rev	April	Apr-rev	May	May-rev	June	June-rev
42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$14,406.00
52	$12,064.00	52	$12,064.00	52	$12,064.00	52	$12,064.00
94	$26,470.00	94	$26,470.00	94	$26,470.00	94	$26,470.00
	$1,852.90		$1,852.90		$1,852.90		$1,852.90
	$24,617.10		$24,617.10		$24,617.10		$24,617.10

&

Item 14 – 99-0627

Department:	Department of Public Health (DPH) Department of Real Estate (DRE)
Item:	Resolution authorizing and approving a master lease by and between the City and County of San Francisco, through the Department of Public Health, as the lessee, and Michael J. Bovo and Associates, Inc., as the lessor, for the "Windsor Hotel" located at 238 Eddy Street.
Location:	238 Eddy Street
Purpose of Lease:	Secure affordable housing for low-income City residents who are medically frail, are at-risk of homelessness, have recently exited homeless shelters, or have recently left a residential treatment program.
Lessor:	Michael J. Bovo and Associates, Inc.
Lessee:	City and County of San Francisco
No. of Sq. Ft. and Cost Per Month:	Approximately 45,800 square feet at a cost of approximately $0.68 per square foot or $31,200 per month.
Annual Cost:	$374,400
Utilities and Janitorial Services:	The lessee would be responsible for utilities and janitorial service.
Term of Lease:	14-month term beginning on May 1, 1999 and terminating on June 30, 2000.
Right of Renewal:	The City would have nine one-year renewal option periods.
Source of Funds:	For FY 1998-99 costs of $62,400 for the two-month lease period from May 1, 1999 through June 30, 1999, DPH would fund the lease with previously appropriated, but unspent General Fund monies. For FY 1999-2000 costs of $374,400, DPH would fund the lease from General Fund

monies requested by DPH for the FY 1999-2000 DPH budget.

Description:

Under the proposed resolution, the City would enter into a master lease with Michael J. Bovo and Associates, Inc. in order to sublease the 104 single residential occupancy (SRO) units at an average rent of $300 per month ($31,200 per month divided by 104 units) at the Windsor Hotel to eligible Direct Access to Housing Program participants. The Direct Access to Housing Program makes available affordable housing with DPH-provided on-site support services such as mental health services, life skills development, and access to medical care in order to stabilize the housing situation and improve the health of the program clients. According to Ms. Pam Sims of DPH, the program seeks to address the lack of affordable housing in the City which has exacerbated the health status of indigent and homeless persons who cycle in and out of emergency or crisis service systems such as medical facilities, treatment centers, homeless shelters, and jail. Ms. Sims explains that the program was designed to fill the housing gap between emergency shelter/health systems and permanent affordable housing, and to better utilize these crisis shelter and health services.

According to Ms. Sims, a homeless adult is eligible to participate in the program if he or she is extremely low income (defined by DPH as less than or equal to 20 percent median income upon entry into the program) and has a history of living on the streets, in emergency shelter or other temporary housing; or has been released from institutional, acute or transitional settings; or has a history of rotating through various systems of care without prolonged stabilization in their housing or health status. Homeless adults would be referred to the Program by emergency shelters, other temporary housing programs, or street outreach and treatment programs.

In addition to the on-site support services, which consist of mental health services, life skills development, and medical care, DPH would provide a rental subsidy for the clients. The tenants would be required to pay 50 percent of their estimated monthly income of $464, or an average

of $232 per month, toward the $300 monthly rent charged for a SRO unit at the Windsor Hotel. The portion of the rental charge paid by the tenant would usually come from Supplemental Security Income (SSI) or some other public assistance, according to Ms. Sims. The rent subsidy would be available for two years, with the possibility of an extension if the tenant, for example, either cannot find permanent housing, or just obtained employment and has not saved enough funds for a security deposit on an apartment, or is experiencing a deteriorating health condition. The length of the extension, according to Ms. Sims, is determined on a case by case basis, depending on the client's situation, by DPH program staff.

DPH would contract with The John Stewart Company, selected through a Request for Proposal (RFP) process (RFP No. 020-98), to perform the property management and administrative functions of the Direct Access to Housing Program related to the Windsor Hotel. Ms. Sims reports that this proposed contract is scheduled to be heard at the April 20, 1999 Health Commission meeting. Ms. Sims states that no other company submitted a bid for this contract during the RFP process which was conducted in September 1998. The RFP was mailed to over 300 firms.

According to Ms. Sims, program costs for the FY 1998-99 period of May 1, 1999 through June 30, 1999, would be $328,571, which includes the $62,400 lease amount payable to the Windsor Hotel based on a $31,200 per month for 42 Program participants (see Comment No. 3), $71,136 for the on-site services, and $195,035 for operating costs. The program costs for the FY 1999-2000 period of July 1, 1999 through June 30, 2000 would be $1,428,771, which includes the $374,400 lease amount payable to the Windsor Hotel based on $31,200 per month for 104 Program participants at an average monthly rent of $300 per participant, $427,755 for the on-site services, and $626,616 for operating costs. The total costs for the DPH Direct Access to Housing Program for the proposed 14-month lease period from May 1, 1999 through June 30, 2000 is $1,757,342, for the utilization of 104 units at the Windsor Hotel, as summarized below:

Category	Amount
John Stewart Co. Contract for Operating and Capital Expenses	$821,651
Windsor Hotel Building Lease	436,800
DPH On-Site Services	498,891
Total	$1,757,342

Attachment I provided by DPH details the expenditures for the proposed program budget of $1,757,342, including the $436,800 for the costs (circled on Attachment I) of the 14-month subject lease.

The Windsor Hotel would receive a total of $436,800 to cover the costs of the 14-month lease which is $31,200 per month for 104 participants. The John Stewart Company would receive $821,651 to (a) purchase furniture, equipment, and maintenance supplies, (b) provide operations staff, including desk clerks and maintenance workers, to operate the facility, (c) perform other administrative functions related to the operation of the Direct Access to Housing Program, such as credit reports and insurance payments.

The source of funds for the project costs of $1,757,342 for the 14-month lease period would be as follows:

Source	Amount
General Fund (\$301,816 from FY 1998-99 Budget and $1,062,109 from FY 1999-2000 Budget)	$1,363,925
Hilton Foundation Grant (through the Corporation for Supportive Housing)	115,000
Anticipated Rental Income	278,417
Total	$1,757,342

Ms. Sims reports that currently, there are 25 Direct Access to Housing Program participants who live at the Pacific Bay Inn, located at 520 Jones Street. These 25 participants pay an average monthly contribution of $232 toward the $350 monthly rent and $250 average monthly cost of on-site services at the Pacific Bay Inn. All current program clients live at the Pacific Bay Inn, located at 520 Jones Street.

At the Windsor Hotel, the 42 persons presently occupying 42 units pay an average of $343 toward the $300 monthly rent. Ms. Sims explains that the average cost of $343 for existing tenants per month is higher than the $300 rent amount because some tenants are able to pay for utility and security costs. Of the 42 persons currently at the Windsor Hotel, all are low-income and 31 participate in a similar program administered by the Tenderloin Housing Clinic (THC). Ms. Sims explains that these 42 persons would be screened and cycled into the DPH Direct Access to Housing Program, as needed. The anticipated rental income of $278,417 for the 14-month lease period reflects the contribution of the existing 42 participant tenants, according to Ms. Sims. The anticipated rental income of $278,417 was calculated by multiplying the $343 average monthly rent contribution by each of the existing 42 tenants for 14 months plus the $232 average monthly rent contribution by each of the new tenants expected beginning in July and increasing each month until the program reaches capacity at 104 units, as explained in Attachment II provided by DPH. According to Mr. Harry Quinn of DRE, under the proposed lease, all 104 units in the Windsor Hotel would become available to DPH for the Direct Access to Housing Program within ten days of the Mayor's and Board of Supervisors approval of the proposed lease.

Comments:

1. The proposed resolution would authorize the Director of Property to make any additions, amendments, or other modifications to the proposed master lease agreement without prior approval of the Board of Supervisors.

2. The proposed resolution would authorize DPH to include in the master lease a clause, in a form approved by DRE and the City Attorney, that would indemnify and hold harmless the Windsor Hotel, as Lessor, from any claims incurred as a result of the City's use of the premises. According to Mr. Ted Lakey of the City Attorney's Office, these waivers are standard and pose minimal additional risk to the City. Mr. Lakey states that this provision would require the City to defend and pay damages assessed against the Lessor arising out of negligence by the City in the performance of the proposed contract. Mr. Lakey advises that the City has entered

into other agreements which include similar indemnification provisions and waivers and that the risk of additional liability to the City is minimal.

3. DPH anticipates that there would not be a significant number of new tenants for the first two months of the lease period from May 1, 1999 through June 30, 1999 because the Direct Access to Housing Program is a new program, and DPH staff needs to inform emergency shelters and other transitional housing facilities about the availability of the program. The City is required to pay the rent for the entire 104 units of the Windsor Hotel, even if only 42 units (total number of existing tenants) of the total 104 units are occupied.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

ATTACHMENT I
Page 1 of 1

Draft Windsor Hotel Budget
April 5, 1999

		Start-Up (May)		One Year Budget (July'99-June'00)
Initial Capital Costs				
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Maintenance Supplies		3,545.00		
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JSCo				
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Janitor	0	0.00	1	$18,680.00
Security	0	0.00	1	$22,000.00
Vac/Sick/Hol/Em Cov	0	0.00	0	$0.00
		28,600.00		$212,120.00
Benefits @ 17%		4,802.00		$36,448.00
Sub-totals	7.72	33,402.00	9.72	$248,568.00
Indirect Costs @ 1.5%		501.00		$3,729.00
Total		33,903.00		$252,297.00

	Start-Up (May)	One Year Budget (July'99-June'00)
Credit Reports	660.00	$1,485.00
Administrative	0.00	$75,436.00
Utilities	0.00	$63,600.00
Repairs and Maintenance	0.00	$58,980.00
Maintenance & Damage Deposit	0.00	$31,200.00
Insurance and Taxes	0.00	$32,880.00
Service	0.00	$1,200.00
Building Lease	0.00	$374,400.00
Furniture, Equipment & Reserves	0.00	$109,538.00
Subtotal	660.00	$748,719.00
Total	257,435.00	$1,001,016.00

GRAND TOTAL OPERATIONAL & LEASE COSTS 1,258,451.00

TOM WADDELL HEALTH CENTER
DIRECT ACCESS TO HOUSING PROGRAM
WINDSOR PROJECT BUDGET

Sub/Obj:	Expenses:				PROJECTED COSTS FOR 1 YEAR:			
011	I. Personnel Expenses:							
	Position Title:	Class	FTE	Base Salary:	Salary	Fringe Benefits:	Fringe Benefit Costs:	Total Costs:
	Physician Specialist	2230	0.25	93,464	23,366	15.45%	3,610	26,976
	Registered Nurse	2320	1.25	63,840	79,800	16.00%	12,768	92,568
	Psychiatric Social Worker	2930	1.00	60,865	60,865	26.12%	15,898	76,763
	Sr. Medical Social Worker	2922	1.00	63,554	63,554	25.00%	15,889	79,443
	Health Worker III	2587	2.00	39,672	79,344	28.88%	22,916	102,259
	Eligibility Worker	2903	1.00	37,845	37,845	31.45%	11,902	49,747
	Sub-Total Personnel Expenses:		6.50		344,774		82,981	427,755
	GRAND TOTAL FOR WINDSOR PROJECT:							427,755

Two-month cost for on-site service 71,136
$498,891

Post-it® Fax Note 7671	Date 4/16 # of pages ▶
To Shirley	From
Co./Dept.	Co.
Phone # 252-0461	Phone #
Fax #	Fax #

ATTACHMENT II

2/22/99

98-99 2-mos current tenants

	May	May-rev	June	June-rev
Existing	42	$14,406.00	42	$14,406.00
DAH	0	$0.00	0	$0.00
Subtotals	42	$14,406.00	42	$14,406.00
Grand Total		$28,812.00		
(Vacancy)		-$2,016.84		
		$26,795.16		

99-2000 1-Year Budget

	July	July-rev	Aug	Aug-rev	Sept	Sept-rev	Oct	Oct-rev	Nov	Nov-rev	Dec	Dec-rev	Jan	J
Existing	42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$
DAH	10	$2,320.00	20	$4,640.00	30	$6,960.00	40	$9,280.00	52	$12,064.00	52	$12,064.00	52	$
Subtotals	52	$16,726.00	62	$19,046.00	72	$21,366.00	82	$23,686.00	94	$26,470.00	94	$26,470.00	94	$
(7%Vacancy)		$1,170.82		$1,333.22		$1,495.62		$1,658.02		$1,852.90		$1,852.90		
Subtotals		$15,555.18		$17,712.78		$19,870.38		$22,027.98		$24,617.10		$24,617.10		$
1Year Subtotal		$272,103.12												
(Vacancy)		-$20,480.88												
		$251,622.24												
14-Mo Net Total		$278,417.40												

Variables:

$343.00
$232.00
7%
0%

8

Jan-rev	Feb	Feb-rev
$14,406.00	42	$14,406.00
$12,064.00	52	$12,064.00
$26,470.00	94	$26,470.00
$1,852.90		$1,852.90
$24,617.10		$24,617.10

March	Mar-rev	April	Apr-rev	May	May-rev	June	June-rev
42	$14,406.00	42	$14,406.00	42	$14,406.00	42	$14,406.00
52	$12,064.00	52	$12,064.00	52	$12,064.00	52	$12,064.00
94	$26,470.00	94	$26,470.00	94	$26,470.00	94	$26,470.00
	$1,852.90		$1,852.90		$1,852.90		$1,852.90
	$24,617.10		$24,617.10		$24,617.10		$24,617.10

&

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
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TDD/TTY No. 554-5227

NOTICE OF SPECIAL OFF SITE MEETINGS
FINANCE AND LABOR COMMITTEE
Board Of Supervisors

Notice is hereby given that the Finance and Labor Committee of the Board of Supervisors of the City and County of San Francisco will hold various special meetings in the community to receive public input on the City and County of San Francisco 1999-2000 Budget as follows:

April 27, 1999; 7 pm-9 pm, Ella Hill Hutch Community Center, 1050 McAllister Street;

April 28, 1999; 7 pm-9 pm, Bayview Police Station, 201 Williams Avenue;

April 29, 1999; 7 pm-9 pm, Presidio Middle School, 450 30th Avenue;

May 1, 1999; 12pm-2 pm, Jean Parker Elementary School, 840 Broadway;

May 4, 1999; 7 pm-9 pm, Alvarado Elementary School, 625 Douglass Street;

May 5, 1999; 7 pm-9 pm, Newcomer High School, 2340 Jackson Street;

May 6, 1999; 7 pm-9 pm, Robert L. Stevenson Elementary School, 2051 34th Avenue.

If a quorum of the Finance and Labor Committee members are not present, Supervisor Leland Yee will hold a Town Hall Meeting for the purpose of receiving community input on the City and County of San Francisco 1999-2000 Budget.

Gloria L. Young

Gloria L. Young
Clerk of the Board

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8/99

City and County of San Francisco
Meeting Minutes
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Wednesday, April 28, 1999 | **10:00 AM** | **City Hall, Room 263**

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:08 a.m.

REGULAR AGENDA

990667 **[Appropriation, Dept. of Building Inspection]**
Ordinance appropriating $1,490,724, Department of Building Inspection, of Building Inspection fund balance for professional services and equipment purchases including equipment and upgrades for Y2K compliance and improvements to the Department's local area network, for fiscal year 1998-1999. (Department of Building Inspection)

(Fiscal impact.)
4/7/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Frank Chiu, Director, Building Inspection; Supervisor Yee; Ed Harrington, Controller; Supervisor Ammiano.

RECOMMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

990668 **[Appropriation, Planning Department]**
Ordinance appropriating $541,530, Planning Department, for professional services and equipment purchase including computer upgrades for fiscal year 1998-1999. (Planning Department)

(Fiscal impact.)
4/7/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gerald Green, Director, City Planning Department; Supervisor Yee. Amended to place $50,000 on reserve for fee analysis. New title.

AMENDED.

Ordinance appropriating $541,530, Planning Department, for professional services and equipment purchase including computer upgrades for fiscal year 1998-1999; placing $50,000 on reserve. (Planning Department)

(Fiscal impact.)

RECOMMENDED AS AMENDED by the following vote:
Ayes: 3 - Yee, Bierman, Ammiano

990669 [Appropriation, Dept. of Public Works]

Ordinance appropriating $146,195, Department of Public Works, for a capital improvement project (installation of two traffic signals) to cover ten percent (10%) overage as per Charter Section 7.203, providing for ratification of action previously taken, for fiscal year 1998-1999. (Department of Public Works)

4/7/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Hin Lok Kung, Department of Public Works; Harvey Quan, Department of Parking and Traffic. Amendment of the Whole to correct "Charter Section 7.203" with "Administrative Code, Section 6.6." New title.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Ordinance appropriating $146,195, Department of Public Works, for a capital improvement project (installation of two traffic signals) to cover ten percent (10%) overage as per Administrative Code, Section 6.6, providing for ratification of action previously taken, for fiscal year 1998-1999. (Department of Public Works)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990506 [Appropriation, DPH-Laguna Honda Hospital]

Mayor

Ordinance appropriating $6,932,000; $5,810,000 from the General Fund Reserve and $1,122,000 from one-time reserve to offset the revenue shortfall for the current year and fund feasibility planning for the replacement of the Laguna Honda Hospital for fiscal year 1998-1999.

(Fiscal impact.)

3/15/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Dr. Mitchell Katz, Director, Department of Public Health; Supervisor Ammiano; Supervisor Yee; Supervisor Bierman. Amendment of the Whole appropriating $5,599,962, recommended; see also divided File 990861.

DIVIDED.

Ordinance appropriating $5,599,962 from the General Fund Reserve to offset the revenue shortfall for the current year of the Laguna Honda Hospital for fiscal year 1998-1999.

(Fiscal impact.)

RECOMMENDED AS DIVIDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990861 [Appropriation, DPH-Laguna Honda Hospital]

Ordinance appropriating $1,122,000 from the General Fund Reserve to fund feasibility planning for the replacement of the Laguna Honda Hospital for fiscal year 1998-1999.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Dr. Mitchell Katz, Director, Department of Public Health; Supervisor Ammiano; Supervisor Yee; Supervisor Bierman. Divided, continued to call of the chair; see also File 990506.

CONTINUED AS DIVIDED.

990671 [SEIU Equity Pay, Fiscal Year 1999-2000]

Ordinance implementing an agreement adjusting the compensation of certain classifications pursuant to the Memorandum of Understanding between the Service Employees International Union, AFL-CIO, Locals 790, 535 and 250 and the City and County of San Francisco, to be effective July 1, 1999. (Department of Human Resources)

(Fiscal impact.)

4/7/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Geoffrey Rothman, Department of Human Resources.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990672 [Lease Agreement, Port - Allright Cal., Inc.]

Resolution approving lease agreement with Allright Cal., Inc. and the City and County of San Francisco operating by and through the San Francisco Port Commission to operate a surface parking lots at seawall lots 321, 323, 324 (collectively, Parcel 2) located at Embarcadero, Broadway and Green Streets. (Port)

4/7/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Veronica Sanchez, Port; Supervisor Ammiano; Supervisor Yee; Jeff Bauer, Commercial Property Manager, Port. Amend on page 1, line 21 by deleting "d.b.a. City Parking Company." Same title.

AMENDED.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990617 [Lease of Property]

Resolution authorizing a 40-year lease of Water Department land between the City and County of San Francisco and Cisco Systems, Inc., in Santa Clara County (City of Milpitas). (Public Utilities Commission)

4/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gary Dow, Public Utilities Commission.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

990602 [Redevelopment Agency's Financial/Performance Reports]

Supervisor Yee

Hearing to consider the Redevelopment Agency's financial and performance reports for the quarter ending December 31, 1998 and a status report on prior year appropriations.

3/29/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers Harvey Rose, Budget Analyst; Supervisor Yee; Tiza Peterson, Redevelopment Agency.

FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

ADJOURNMENT

The meeting adjourned at 11:45 a.m.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST
1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

April 23, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: April 28, 1999 Finance and Labor Committee Meeting

Item 1 – File 99-0667

Department: Building Inspection (DBI)

Item: Ordinance appropriating $1,490,724 for professional services and equipment purchases for Year 2000 compliance, including improvements to the Department's local area network.

Amount: $1,490,724

Source of Funds: DBI Special Revenue Fund, consisting of fees charged by DBI.

Budget: A summary budget for this request of $1,490,724 is as follows:

Professional Services	$ 795,615
Computer Equipment	695,109
Total	$1,490,724

Attachment I, provided by Ms. Amy Lee of DBI, contains the budget details and explanations to support this request for $1,490,724, including services and software to be provided for the $795,615 professional services component of the contract, and the equipment to be purchased with the $695,109 equipment component of the contract. DBI has obtained quotations from three vendors who participate in the "City Store" Program[1] overseen by the City's Committee on Information Technology (COIT). Attachment I reflects the bid by Computown, the lowest bidder.

Description: This proposed ordinance would appropriate $1,490,724 for the replacement of the DBI's network equipment, upgrading of software and hardware, and integration of DBI's Permit Tracking and Issuance System (PTIS), all for Year 2000 compliance. Of this amount, $795,615 is for software, professional services for design and installation of DBI's local area network and technical support and $695,109 is for computer equipment. According to Mr. Marcus Armstrong of DBI, Year 2000 compliance work for PTIS is due to be completed by October of 1999.

According to Ms. Lee, Computown Corporate Technical Services conducted an audit of DBI's information systems in February of 1999 and determined that 67% of current information systems supported by DBI would fail as the Year 2000 approached. DBI plans to remedy this by replacing servers, upgrading and enhancing software, and upgrading the network infrastructure.

DBI's current computer systems and local area network houses software that processes permits, schedules inspections and tracks complaints about building violations. Attachment II provides a description of DBI's information systems and their functions. The Department of City Planning (DCP) also currently relies on DBI's system for access to permit information, address verification and property profiles.

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[1] A list of pre-qualified vendors for the provision of computer services to City departments that have been selected by COIT.

In addition to remediating Year 2000 compliance issues, the requested equipment and software upgrades would increase the capacity of DBI's local area network. According to Ms. Lee, DBI's network supports far more users than it was designed for in 1994, including approximately 240 DBI staff and additional staff from the Department of City Planning. As a result, there are frequent malfunctions and breakdowns, and new equipment with greater capacity is needed. Attachment III, provided by Ms. Lee, generally describes the capacity limitations and the reliability problems of the current system.

Comments:

1. According to Ms. Lee, DBI contacted three vendors provided by COIT as part of COIT's "City Store" Program for quotations on the work to be performed, and are continuing to seek lower costs for the services and equipment and software to be provided. The proposed amount reflects the lowest bid, submitted by Computown.

2. According to Ms. Lee, DBI did not evaluate its Year 2000 equipment and software needs until February of 1999 because of the lack of an MIS manager to lead the effort in the department for a number of months. DBI now has an MIS manager. DBI has not previously requested any funds for Year 2000 remediation.

3. The Board of Supervisors previously appropriated $500,000 in both FY 1997-1998 and 1998-1999, for a total of $1,000,000, for Year 2000 Compliance expenditures. These appropriations included expenditures for the City's payroll system ($247,000), the Health Services System ($186,000), the Mayor's Emergency Telephone System ($65,000), the Court Management System ($126,000), a contract to assess the City's exposure to non-compliant chips in vehicles, elevators, medical equipment and other devices ($25,000) and various smaller projects ($351,000). In addition, the Board of Supervisors appropriated $979,000, in January of 1999, to create a Year 2000 team to provide technical assistance, monitoring, testing and implementation of Year 2000 compliance requirements. Therefore, to date, a total of $1,979,000 has been appropriated for Year 2000 compliance expenditures.

4. The table below summarizes total Year 2000 compliance expenditures to date:

Fiscal Year 1997-1998 and 1998-1999 Expenditures	$1,000,000
January 1999 Supplemental Appropriation (File 98-2130)	979,000
Proposed Supplemental Appropriation for the Department of City Planning (Item 2, File 99-0668)	491,530
This proposed Supplemental Appropriation	1,490,724
Total	$3,961,254

According to Mr. Hymel, any additional requests for Year 2000 compliance expenditures for other City departments will be included in the Fiscal Year 1999-2000 budget.

Recommendation: Approve the proposed ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

DEPARTMENT OF BUILDING INSPECTION
City & County of San Francisco
1660 Mission Street, San Francisco, California 94103-2414

March 8, 1999

TO: Honorable Mayor Willie L Brown, Jr.

FROM: Frank Chiu
Director, Building Inspection

RE: Supplemental Appropriations Request

Recommended Action:

The Department of Building Inspection is requesting the approval of a supplemental appropriation in the amount of $1.5 million to address the department's information systems needs.

Background:

Consistent with other computer users, the department is trying to assure that its information system complies with Year 2000 requirements. After a thorough audit of our information systems, it has been concluded that nearly 67% of our system will fail as the year 2000 approaches.

In addition to the problems resulting from Y2K compliance, the DBI Local Area Network computer system has experienced numerous failures as a result of our aging network and the increase in the amount of users. The current system was installed in 1994 and has since accommodated over 200 users, provided access to multiple city departments and continues to provide increased service abilities.

Analysis/Reason for Recommendation:

The Department will be requesting approximately $1.5 million to accomplish the following:

- Year 2000 Compliance: ensure the operation of our information system after the millenium;
- Address the degradation of the network by replacing our aging system;
- Restructure the network to accommodate the growing needs of our users, demands by other agencies for access to our databases and the more efficient routing and processing of data. We will not only address the complex issues of Year 2000 software and hardware compliance for the core network system but also address software copyright compliance problems.

After a vendor performed network analysis, and continued discussions with various manufacturers and network engineers the recommendation has been made to divide the project into the following categories based on implementation priority:

1. Infrastructure upgrade: Includes repairing and documenting existing cable plant, building new wiring closets, and installing a new high-speed network backbone with redundancy designed to improve reliability and performance.
2. NetWare server replacement and operating system upgrade.
3. Oracle server upgrade: Includes the installation of a new server by Computown and the tuning and migration of the applications by DataMine.

Below, is a summary of the major components of this request:

Network Infrastructure
Supplemental Cost: $361,359

DBI requires implementation of fault tolerant network architecture in order to improve the reliability of mission critical applications. Based on the concepts developed by DBI-MIS, Cisco has proposed a complex, redundant network design. The Cisco design calls for the installation of a Gigabit Ethemet backbone connecting each floor with fiber runs to the server farm in the computer room. Switched Fast Esthernet will be run to each workstation on the network. This will provide DBI with the network infrastructure that will reliably support all current and planned applications into the foreseeable future. Before implementing the Cisco solution, DBI will need to modify the cable plant by moving the wiring closets to support new fiber runs needed for the proposed high-speed network backbone.

Appropriations for network infrastructure includes the following items:

1. Copper Cabling: Estimated 63% need to be replaced: Includes materials (RJ45 Jack, Jack housing, 150' CAT 5 Cable, labor, documentation, termination, testing, labeling, demo old cables, etc.); 63% of 600 is approximately 375 cables + 50 new cable pulls (just in case) = 425 cables.
2. Fiber Cabling: New runs = 5 Fiber Runs (2 drops to the 1st floor, 2 drops to the 3rd floor, and 1 drop to 1650 Mission); Pricing includes 12 strand, multimode fiber, connectors, junction boxes, inner duct housing, labor, termination, testing, documentation, labeling, etc.).
3. Patch Cables (3', 7', 15', etc.): Estimated 650 fiber patch cables.
4. Equipment Racks: 3 new 19" equipment racks (one for each floor – 1st, 2nd, and 3rd); 6 new 19" equipment racks for the server room; Includes all brackets, keyboard trays, monitor racks, earthquake kits, floor mounts, nuts, bolts, cable raceways, installation labor, etc.).
5. Enterprise Switch (CISCO Gigabit Solution): Includes installation of related operating software, modules, spare power supply, gigabit equipment, rack mounts, maintenance, etc.; also provides for configuration and testing (48 hours).
6. Segment Switch (CISCO Gigabit Solution with redundancy): Includes related operating software, modules, gigabit modules, rack mounts, maintenance, etc.) Total of 5 segment switches (1st, 2nd, 3rd, 6th floors and 1650 Mission); Total of 1 segment switch for the server farm (gigabit modules); Installation.

7. 24 Port Hubs (10/100): 4 Hubs for each closet (1st, 2nd, 3rd, and 6th), 96 ports plus ports from segment switch – gives some room for growth; Installation.
8. Router for Planning (CISCO): Dual LAN configuration plus firewall; Includes multi-protocol software, memory upgrades, rack mount kit, maintenance, etc.).
9. Emergency Room: 2 Fiber runs; Equipment Rack; Segment Switch.

Server Room
Supplemental Cost: $183,750

DBI needs to replace the existing NetWare servers in order to provide better performance and reliability. In addition, the hardware currently in use is not Y2K compliant and cannot be upgraded. Appropriations for the server room includes the following items:

1. UPS – Battery Backups: Intelligent Matrix Symmetra multi-server battery backup; Includes related equipment, parts, and additional battery; Installation and server configuration .
2. Servers : Production Servers (redundancy, fail over, etc.); New HP Server & Upgrade Minerva; Hardware & Labor.
3. Novell Servers: Two servers running Novell 5 providing redundancy and fail over.
4. Additional Servers: Mail Server; Web Server; Spare Server
5. Tape Library Backup System: Tape Library system

Software
Supplemental Cost: $179,015

Presently DBI is not in compliance with current software license agreements, copyright laws and Year 2000 software. The outlined list of software upgrades includes the number of seat licenses needed to become compliant with software, copyright and license agreements. This is based on the number of users of the specified software. The software upgrades will effectively remedy the year 2000 compliance issues. Appropriations for Software includes the following items:

1. WIN NT 4.0 Server Enterprise Edition: Installation of 10 Servers and 300 Clients
2. WIN NT 4.0 Workstation: Installation of 30 users.
3. WIN 98: 270 users and Installation.
4. MS Office 97 Pro: 50 users and Installation.
5. MS Project 98: 20 users and Installation.
6. Corel WordPerfect Suite 8: 75 users and Installation.
7. Novell Netware 5: 2 servers and 300 clients and Installation.
8. Lotus Notes/Domino Mail Server and Client: Server and clients; Installation.
9. Network Management software: Tivoli; T&G.

Development
Supplemental Costs: $424,600

Currently DBI is in the process of developing a Permit Tracking and Issuance System (PTIS). The PTIS production software will serve as the backbone of DBI's automated permit tracking, complaint tracking, inspection scheduling, district assignments, fee calculation, and permit issuance system. The existing network, which PTIS is being developed on will be redesigned due to failing infrastructure and servers and various Year 2000 compliance issues. It is imperative that the PTIS development team aids in the re-design of the network and continues the development of the department's core business production software. Inclusive of the

configuration of the proposed production, which includes the integration of the various PTIS production modules, the development team will also conduct a workflow analysis. The workflow analysis is a crucial stage in the implementation of a customer service based network such as DBI's. The analysis will speak to how the network should be configured, optimized and implemented. Appropriations for Development includes Analysis, Design, Conversion and Implementation for the following items:

1. Network architecture re-design.
2. Work-Flow analysis.
3. Integration of PTIS modules.

Workstations
Supplemental Costs: $150,000

Appropriations for Workstations include new workstations, replacements and upgrades

Design, Configuration and Implementation
Supplemental Costs: $167,000

Based on the network analysis conducted by a team of certified network engineers and cabling specialists, the department's existing network cabling has a 63% high probability of failure. The re-design of the existing network will include the correction of the cabling problems and also address the location of the cable closets, which are not in properly ventilated or accessible areas. Teams of network engineers will be required to implement the network infrastructure, deploy servers and install, upgrade, enhance software. Engineers will be used to invoke various network protocols and procedures to insure the security, data integrity, backup and full optimization of the network. Network engineers will also be used as on site resources for training of staff and emergency troubleshooting response.

1-Year Network Support
Supplemental Costs: $25,000

With the onset of potential Year 2000 problems, additional network support may be necessary. Therefore should any problems arise, additional network support will provide same day response for critical failures and 24 hour response for non-critical failures.

SUPPLEMENT TOTAL:	$1,490,724

Fiscal Implications:

This request does not include any new staff and only appropriates funds for professional services and equipment purchases. This request does not include any General Funds and will be solely funded by surpluses in our Special Revenue Fund. In addition, this request does not require the annualization of any items in this request.

CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF BUILDING INSPECTION

WILLIE LEWIS BROWN JR., MAYOR
FRANK Y. CHIU, C.B.O., DIRECTOR

ATTACHMENT II

The Department of Building Inspection's (DBI) information systems provide for a multitude of services and functions to the general public, other City departments, and its internal staff. The backbone of DBI's information system is its Permit Tracking System.

The Motorola Permit Tracking System (PTS) permits DBI to provide its primary services. The PTS system has several functions: 1) complaint tracking system; 2) inspector scheduling system; 3) address verification system; 4) permit tracking and issuance; and 5) inspector district inquiry. In addition, with PTS, DBI's information system provides public reports, city agency and department reports, tax assessor's reports and Commission reports.

Additionally, DBI staff is not the only city personnel who rely on the stability of the network system. The Planning Department, along with Department of Public Works, Fire Department and Health Department also rely on DBI's information system.

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www.ci.sf.ca.us/dbi - frank_chiu@ci.sf.ca.us

CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF BUILDING INSPECTION

WILLIE LEWIS BROWN JR., MAYOR
FRANK Y. CHIU, C.B.O., DIRECTOR

ATTACHMENT III

The core of the department's network was implemented approximately eight years ago. The Motorola Permit Tracking System has been the core of DBI's business function. The Motorola system is experiencing ongoing failures and anomalies.

DBI's existing critical servers are outdated workstations acting as servers. The systems clearly cannot handle the ongoing load put on them. Currently, the Department is experiencing critical failures at least 4 times a week. This results in at least 6 hours per week that DBI does not have to the Permit Tracking System. Additionally, DBI staff is also prevented from accessing critical word processing or communication functions.

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Item 2 – File 99-0668

Department: City Planning (DCP)

Item: Ordinance appropriating $541,530 for professional services and equipment purchases including (A) $491,530 for equipment, software and upgrades, all related to Year 2000 compliance and (B) $50,000 for a comprehensive analysis of the Department's fees for service to the public, which is not related to Year 2000 compliance.

Amount: $541,530

Source of Funds: DCP Permit Fees. Because of increased permit revenues, DCP estimates that it will receive $2.6 million over the budgeted fee revenues for FY 1998-99.

Budget: A summary budget for this request of $541,530 is as follows:

Fee Analysis	$ 50,000
Computer Software and Equipment for Year 2000 Compliance	491.530
Total	$541,530

Attachment I, provided by Mr. Costolino Hogan of DCP, contains the budget details and explanations to support $491,530 of the total request for $541,530, including the quantity and cost for each type of software and equipment. DCP obtained quotations from two vendors who participate in the "City Store" Program[1] overseen by the City's Committee on Information Technology (COIT). Attachment I reflects the bid from Computown, the lowest bidder.

However, DCP has not yet obtained quotations for the Fee Analysis work, and has been unable to provide the Budget Analyst with a detailed description of the Fee Analysis work or an explanation of the estimated costs for such analysis.

[1] A list of pre-qualified vendors for the provision of computer services to City departments that have been selected by COIT.

Description:

This proposed ordinance would appropriate $491,530 for DCP to purchase and upgrade computer equipment and software to remediate Year 2000 compliance issues. In addition, because the equipment is state-of-the-art, this equipment would allow DCP to better cope with its increased permit application workload, update DCP's software licenses and allow DCP to better utilize the Department of Building Inspection's (DBI) upgraded Permit Tracking and Issuance System. DBI expects to complete Year 2000 remediation of the Permit Tracking and Issuance System by October of 1999. Attachment I, provided by DCP, explains the benefits of the computer equipment that will be obtained with the requested appropriation.

The proposed ordinance would also appropriate $50,000 to retain a consultant to perform a comprehensive analysis of the structure and level of DCP's fees. As discussed above, DCP has not yet selected a consultant or obtained a quotation for this service, and has been unable to provide the Budget Analyst with a detailed description of the Fee Analysis work or an explanation of the estimated costs for such analysis.

According to Mr. Hogan, DCP has experienced a significant increase in the amount and complexity of permit applications being reviewed, resulting in an increase in both workload and fee revenues. Attachment II, provided by Mr. Hogan, details the number of applications in each of the past three fiscal years, the increase in applications, and explains the increase in complexity over the same period. As shown on Attachment II, there has been a 33% increase in DCP's caseload since Fiscal Year 1994-1995, and the average hours required to process each application has increased 18.5% over the same period.

In addition to remediating Year 2000 compliance issues, according to Mr. Hogan, the requested computer equipment and software upgrades will allow DCP to process permit applications in a more timely and efficient manner. Presently, DCP utilizes DBI's local area network. Of the proposed $491,530 in software and equipment, $222,882 will be spent to create a separate

DCP network, eliminating DCP's reliance on the network utilized by DBI.

Comments:

1. DCP will obtain the needed equipment from a vendor participating in the City Store Program. Computown, the lowest bidder, has been selected after obtaining quotations from two City Store vendors. DCP staff will perform the installations and upgrades.

2. As noted above, DCP has not yet obtained a consultant for the fee analysis, and has not provided a detailed description of the work to be performed and estimated costs. Consequently, the Budget Analyst recommends that the ordinance be amended to place $50,000 on reserve pending provision by DCP of such additional details.

3. The Board of Supervisors previously appropriated $500,000 in both FY 1997-1998 and 1998-1999, for a total of $1,000,000, for Year 2000 Compliance expenditures. These appropriations included expenditures for the City's payroll system ($247,000), the Health Services System ($186,000), the Mayor's Emergency Telephone System ($65,000), the Court Management System ($126,000), a contract to assess the City's exposure to non-compliant micro-chips in vehicles, elevators, medical equipment and other devices ($25,000) and various smaller projects ($351,000). In addition, the Board of Supervisors appropriated $979,000, in January of 1999, to create a Year 2000 team to provide technical assistance, monitoring, testing and implementation of Year 2000 compliance requirements. Therefore, to date, a total of $1,979,000 has been appropriated for Year 2000 compliance expenditures.

4. The table below summarizes total Year 2000 compliance expenditures to date:

Fiscal Year 1997-1998 and 1998-1999 Expenditures	$1,000,000
January 1999 Supplemental Appropriation (File 98-2130)	979,000
Proposed Supplemental Appropriation for Department of Building Inspection (Item 1, File 99-0667)	1,490,724
This proposed Supplemental Appropriation (less $50,000 for the proposed fee analysis)	491,530
Total	$3,961,254

According to Mr. Hymel, any additional requests for Year 2000 compliance expenditures for other City departments will be included in the City's Fiscal Year 1999-2000 budget.

Recommendation:

1. In accordance with Comment No. 2, amend the proposed ordinance to reserve $50,000 pending provision by DCP of a contract and budget details for the proposed fee analysis.

2. Approve the proposed ordinance as amended.

PLANNING DEPARTMENT SUPPLEMENTAL COMPUTER NEEDS, FISCAL YEAR 1998-99 BY CATEGORY					
No.	***Description***	***Unit Cost***	***Tax***	***Total Cost***	***Rationale/Comments***
	PCs				
43	PCs with department's standard PC configuration: HP Vectra Series 8 6/450 MHz Pentium II processor, 128 MB memory, 10 GB hard drive, 100 Mbs twisted-pair network card, Windows 95 (S2,162) and HP Ergo 1280 17" monitor (S528)	S2,690	S229	S125,502	Existing PCs being replaced are not Year-2000 compliant and are inadequate to run today's programs; upgrading these PCs is infeasible; this is now Microsoft Windows 2000 suggested hardware requirement. (See attached)
9	PCs with department's power PC configuration: HP Kayak XA-S with Pentium III 500 MHz processor, 128 MB memory, 10 GB hard drive, 100 Mbs twisted-pair network card, Windows 95 (S3,277), and HP Ergo 1280 17" monitor (S528)	S3,796	S323	S37,068	This is the department's power user configuration. See attached information for rationale)
4	PCs with department's large-monitor power PC configuration: HP Kayak XA-S with Pentium III 500 MHz processor, 128 MB memory, 10 GB hard drive, 100 Mbs twisted-pair network card, Windows 95 (S3,277), speakers and HP P1110 21" monitor (S1,223)	S4,501	S383	S19,534	This is the department's power user configuration. However, these five PCs are gSee attached information for rationale)
				S182,104	
	Network Equipment				
2	Server: Main and Oracle servers replaced with servers configured with the following: Dual (2) Pentium II 450 MHz Xeon processors, 1 GB of memory, 218 GB of disk storage space, and 4 high-speed PCI NICs (network interface cards)	S35,741	S3,038	S77,558	New servers will be able to handle Microsoft NT Server and handle increased network traffic, accommodate storage space needs and address year 2000 compliance; existing servers will replace other department servers
1	Fax server	S10,278	S874	S11,152	Replacement of existing fax servers and update number of fax lines from 4 to 8
1	Lotus Domino 4.6 Server or later	S1,875	S159	S2,034	Domino server is the City's standard in work group and workflow software; it will also be the platform for the department's Intranet; this money work ordered to DTIS

No.	Description	Unit Cost	Tax	Total Cost	Rationale/Comments
2	Lotus Domino Server and messaging administration and Notes application development classes	$1,600	$0	$3,200	Notes will soon be replacing cc:Mail as the department's e-mail software; we need to send someone to class to learn how to administer this software; this money work ordered to DTIS
3	Smart-UPS 3000 (Uninterrupted Power Supply) for new server, Oracle server, and switch	$1,600	$136	$5,208	UPS will provide our network with continuous power and protection to server in the event of a power surge or outage
1	Backup unit: DLT/4 (Digital Linear Tape) tape backup unit capable of backing up both NetWare and NT servers; unit should be able to handle up to 12 tapes in one (1) tray	$47,250	$4,016	$51,266	Existing backup device can no longer efficiently backup the department's information because of the network's vastly increased storage capacity and the limitations of the current technology
1	HP ProCurve Smartswitch switch per the attached specifications:	$54,583	$4,640	$59,223	Switch will become the primary department switch and contain mixture of Fiber Optic and RJ-45 modules, and run entire network at Fast Ethernet speeds; existing switch will be traded in for credit to reduce the cost
1	DTIS Router purchases, installation and setup for point-to-point T-1 line connection (DTIS estimate)	$7,080	$0	$7,080	One-time cost for purchase of two routers, installation and setup of routers for T-1 line; this money work ordered to DTIS
1	Network Lan Analyzer that would need to function in both a fiber optic and RJ-45 environment	$5,679	$483	$6,162	Analyzer will assist in monitoring, analyzing, and isolating LAN problems. environment
				$222,882	
	Software				
1	Backup software to run on the new backup device	$3,750	$319	$4,069	New backup software will be required that can handle the digital linear tape technology
1	Pacific Bell installation of a secure leased dedicated T-1 line (DTIS estimate)	$1,600	$136	$1,736	Installation cost of the dedicated T-1 telephone line; (for speeds < T-1, monthly cost is $390); money paid to Pacific Bell from the department's telephone budget
1	Upgrade Novell NetWare 150-user licenses to NetWare 5.0 200-user licenses (see quote)	$7,122	$605	$7,727	New network operating systems licensing will bring Planning into compliance with the newest versions of the software we already use; each server needs the correct number of user licenses

No.	Description	Unit Cost	Tax	Total Cost	Rationale/Comments
200	Microsoft NT 4.0 Client licenses MOL-B (see quote)	$29	$2	$6,293	New network operating systems licensing will bring Planning into compliance with the newest versions of the software we already use; each server needs the correct number of user licenses
35	Microsoft Office 97 Standard (or later) licenses (see attached quote)	$379	$32	$14,393	Office 97 (Microsoft Word, Excel, etc.) will be replacing the WordPerfect suite of products (WordPerfect, Quattro Pro, etc.); 35 is the estimated maximum no. of concurrent users we might have on these programs at one time
5	Microsoft Office 97 Professional (or later) licenses -- Same as above except with Access 97 (see attached quote)	$448	$38	$2,430	Office 97 (Microsoft Word, Excel, etc.) will be replacing the WordPerfect suite of products; 5 is the estimated number of Access users
20	Oracle license purchase (quote from DTIS)	$825	$0	$16,500	Oracle licenses are required to use Oracle; it is licensed based on a formula for concurrent use; this would add 25 users to our already existing 5 users; this money will be work ordered to DTIS
2	Delphi 4 (one new copy and one upgrade from 3.0)	$1,699	$144	$3,687	Delphi is the software used by the OASIS programmers; we need to add an additional license to the current one because we have two programmers
5	ArcView	$795	$68	$4,313	ArcView is the GIS software the department uses; additional licenses are needed because more people are using GIS
120	Lotus Notes client (price from DTIS) (DTIS quote)	$38	$0	$4,560	Notes will soon be replacing cc:Mail as the department's e-mail software; in addition, this software will facilitate group scheduling, group task assignments, etc; this money work ordered to DTIS
				$65,708	
	Other Equipment				
1	Additional Pentium Pro processor ($1,801) and 512 MB of additional memory ($3,358) for existing file server	$4,509	$383	$4,892	Needed for new Domino server which is existing file server
1	HP DesignJet 1050CM color plotter (see attached letter)	$7,695	$654	$8,349	Plotter would the color plotter that we are renting currently for $395 per month.
				$13,241	

No.	Description	Unit Cost	Tax	Total Cost	Rationale/Comments
	Training				
1	ArcView Avenue scripting class	$1,000	$85	$1,085	Class to help us develop GIS programs specifically for Planning
5	NT training for OASIS (5 x $1200)	$1,200	$102	$6,510	Training for OASIS staff on future network system used by DBI
				$7,595	
	TOTAL			$491,531	

	Years	Cases Filed	Building Permits Filed	Over the Counter Permits	Total Caseload	Change	Avg. Hours Spent by Planners on each case	Hours Logged on Workload	Projected Increease In FTE Need
1	1994-95	846	3369	834	• 5049		16.2		
2	1995-96	930	3252	1302	5484	435	17.6	7656	4
3	1996-97	1055	3234	1673	5962	478	18.2	8699.6	4
4	1997-98	1222	3492	2017	6731	769	19.2	14746.8	7
	Total	4053	13347	5826	23226				
	Avg.before 1998-99	1013	3337	1457	5807				
5	1998-99	1347	3592	2496	7435	704	42.46	29891.84	14

Item 3 – 99-0669

Department:	Department of Public Works (DPW) Department of Parking and Traffic (DPT)
Item:	Supplemental appropriation ordinance in the amount of $146,195 to fund construction cost overruns, in accordance with Section 6.6 of the Administrative Code, associated with the installation of traffic signal lights at eight intersections throughout the City, providing for ratification of actions previously taken.
Amount:	$146,195
Source of Funds:	Previously appropriated Proposition B Sales Tax Bond funds
Description:	According to Ms. Carol Finucane of the Department of Public Works (DPW), on November 24, 1998, DPW awarded a construction contract, in the amount of $452,400, to Millard Tong Construction through a competitive bidding process for the installation of traffic signal lights at eight intersections throughout the City. Attachment I, provided by DPW, contains a list of the locations of these eight intersections.

In September of 1998, the Board of Supervisors approved a resolution (File No. 98-1515) urging the Department of Parking and Traffic (DPT) to install traffic signal lights at the intersection of Geneva Avenue and Madrid Street. In addition, according to Ms. Finucane, to date, various neighborhood groups, located near Geneva Avenue, have requested DPT to install traffic signal lights at the intersection of Geneva Avenue and Paris Street. Ms. Finucane advises that DPW intends to modify its existing contract with Millard Tong Construction for Millard Tong Construction to install traffic signal lights at the intersection of (1) Geneva Avenue and Madrid Street and (2) Geneva Avenue and Paris Street in order to improve traffic and pedestrian safety at these two intersections. This proposed contract modification would result in a total revised contract amount of $643,735, which is $191,335 (including $146,195 in contract modification costs and $45,140 in contract contingency costs) or

approximately 42 percent over the original contract bid of $452,400.

Ms. Finucane states that DPW intends to pay for this contract modification of $146,195 from previously appropriated Proposition B Sales Tax Bond funds. However, because Section 6.6 of the Administrative Code requires that expenditures of more than 10 percent above the estimated amount of the original contract be authorized by a supplemental appropriation, DPW now requires approval from the Board of Supervisors of this proposed supplemental appropriation ordinance.

Budget: Attachment II, provided by DPW, contains a cost breakdown in the amount of $146,195 to support the proposed contract modification.

Comment: Mr. Ted Lakey of the City Attorney's Office states that this ordinance incorrectly references Charter Section 7.203. The correct reference is Section 6.6 of the Administrative Code. Therefore, the title of the proposed ordinance should be amended to substitute Section 6.6 of the Administrative Code for Section 7.203 of the City's Charter.

Recommendation:

1. In accordance with the Comment above, amend the title of the ordinance to substitute Section 6.6 of the Administrative Code for Section 7.203 of the City's Charter.

2. Approve the proposed ordinance as amended.

1. Tamalpais Street and Turk Street
2. Eddy and Divisadero Streets
3. 30^{th} and Dolores Streets
4. Spear and Folsom Streets
5. 20^{th} Avenue and Winston Drive
6. US Postal Process and Distribution Center – 1300 Evans Avenue
7. Fremont and Folsom Streets
8. Lake Merced Boulevard and Middlefield Drive

Attachment II
Page 1 of 3

PCO NO. 01
SPECIFICATION NO. 1664N
SCHEDULE OF BID PRICES
SHEET 1 OF 3

The quantities shown will be used as a basis for comparing Bids, and may not agree with actual quantities of work. Bidders must bid on all Items. Refer to Specs. 101.02 and 101.03 of the Standard Specifications.

Entries must be in black ink or typed.

Prepared by: Carol Fitzmann

LEGEND:

L.S. = LUMP SUM
L.F. = LINEAR FOOT

MILLARD TONG CONSTRUCTION CO.
Bidder's Firm Name

3180 SAN BRUNO AVENUE
Street Address

SAN FRANCISCO, CA 94134
City Zip Code

415-467-3614
I.F. Phone No. (or other)

Item no.	Bid Item (F/I as applicable)	Estimated Quantity	Unit	Unit Price $	Extension $
1	(GS8") 3 Sections, 8-inch Vehicle Signal Face	≈ 20	Each	$300.00	$ 6,000.00
2	(GS12") F/I 3 Sections, 12-inch Vehicle Signal Face	13	Each	$____	$ 0
3	(GS12"FY) 3 Sections, 8-inch Vehicle Signal Face, w/ Flashing Yellow	2	Each	$____	$ 0
4	(GS12"-LA) 3 Sections, 12-inch Vehicle Signal Face, w/Green & Yellow Left Arrows	2	Each	$____	$ 0
5	(GS12"LA) 3 Sections, 12-inch Vehicle Signal Face w/ All Left Arrows	2	Each	$____	$ 0
6	Back Plate	9	Each	$____	$ 0
7	(TV-1) One Way Post Top Vehicle Signal Mounting	≈ 16	Each	$200.00	$ 3,200.00
8	(TV-1-T) One Way Post Top Vehicle Signal Mounting w/ Terminal Compartment	4	Each	$____	$ 0
9	(TV-2-TA) Two Way Post Top Vehicle Signal Mounting w/ Terminal Compartment	2	Each	$____	$ 0
10	(TV-2-T-SF) Two Way Side Vehicle Signal Mounting w/Terminal Compartment	1	Each	$____	$ 0
11	(SV-1) One Way Side Vehicle Signal Mounting	4	Each	$225.00	$ 900.00
12	(SV-1-T) One Way Side Vehicle Signal Mounting w/ Terminal Compartment	12	Each	$____	$ 0
13	(SV-2-TA) Two Way Side Vehicle Signal Mounting w/ Terminal Compartment	3	Each	$____	$ 0
14	(15-IN) Pedestrian Signal	≈ 16	Each	$300.00	$ 4,800.00

PCO NO. 01
SPECIFICATION NO. 1655N

SCHEDULE OF BID PRICES

SHEET 2 OF 3

Item no.	Bid Item (F/I as applicable)	Estimated Quantity	Unit	Unit Price $	Extension $
15	(SP-1) One Way Side Mounted Pedestrian Signal	~~XX~~ 16	Each	$320.00	$ 5,120.00
16	(SP-1-SF) One Way Side Mounted Pedestrian Signal	1	Each	$	$ 0
17	Type 1-A Pole w/ Concrete Foundation (10')	~~XX~~ 16	Each	$1,200.00	$19,200.00
16	Type 16-1-70 w/ 5' Mast Arm, MAS Mounting, Concrete Foundation	2	Each	$	$ 0
17	Type 16-1-70 w/ 20' Mast Arm, MAS Mounting, Concrete Foundation	4	Each	$	$ 0
18	Type 16-1-70 w/ 15' Mast Arm, MAS Mounting, Concrete Foundation	2	Each	$	$ 0
19	Type 17-1-70 w/ 20' Mast Arm, MAS Mounting, 6' Luminaire Arm, Luminaire, Concrete Foundation	1	Each	$	$ 0
~~XX~~22	Pull Box Type 1	~~XX~~ 11	Each	$325.00	$ 3,575.00
~~XX~~23	Pull Box Type 3	~~XX~~ 5	Each	$100.00	$ 500.00
22	Pull Box Cover	2	Each	$	$ 0
23	Loop Hand Hole	4	Each	$	$ 0
~~XX~~26	Concrete Curb Ramps	~~XX~~ 8	Each	$1,000.00	$ 8,000.00
~~XX~~ 27	Construction and Reconstruction of new Concrete Curb, Gutter, Sidewalk, etc. at Curb Ramp Removal & Relocation	- (5)	LS	$	$ 2,500.00
26	Pedestrian Push Button Station	7	Each	$	$
~~XX~~29	2" Conduit GRS (Underground) 1700±	~~XXXX~~	L.F.	$ 37.00	$ 62,900.00
28	Two 2" Conduits GRS (Underground) in Same Trench	440	L.F.	$	$ 0
29	2" GRS Conduit (Underground) Deletable	350	L.F.	$	$ 0
30	Vehicle Detection Loop ———— 6*6	5	Each	$	$ 0
31	Vehicle Detection Loop ———— 6*30	2	Each	$	$ 0
32	Vehicle Detection Loop ———— 6*50	1	Each	$	$ 0
33	1 1/2" Conduit GRS (Underground)	40	L.F.	$	$ 0
~~XX~~ 36	Construct Concrete Foundation for Traffic Signal Controller. City will F/I Controllers	~~X~~ 2	Each	$2,250.00	$ 4,500.00

Attachment II
Page 3 of 3

PCO NO. 01
SPECIFICATION NO. 1664N
SCHEDULE OF BID PRICES
SHEET 3 OF 3

Item no.	Bid Item (F/I as applicable)	Estimated Quantity	Unit	Unit Price $	Extension $
37	Wiring and Miscellaneous Electrical Work including Ground Rod	-	L.S.	$ -	$ 15,000.00
36	Remove and Salvage as City Property Certain Existing Signal Standards, Vehicle and Pedestrian Signal Faces and Mountings, Intersection Controllers	-	L.S.	$	$ 0
37	Remove as Contractor's Property Certain Existing Pole and Controller Concrete Foundations, Pull Boxes, Wires and Conduits	-	L.S.	$	$ 0
40	Traffic Routing Work including Services Rendered by Uniformed Off-duty San Francisco Police Officer for Traffic Control, as required by the Engineer	-	L.S.	$ -	$ 5,000.00
39	Median modification work at 1300 Evans Ave.	-	L.S.	$	$ 0
40	Caltrans Encroachment Permit	-	L.S.	$	$ 0
41	Field Office Engineer Standard Class B	-	Allowance	-	$ 5,000.00

PCO NO. 01
TOTAL BID (Summation of Bid Items 1 through 41) $ 165,195.00

Time allowed for completion of the Work is one hundred and fifty (150) consecutive calendar days, beginning with and including the official date of Notice of Proceed as established by the Director of Public Works.

Bid submitted by:

MILLARD TONG CONSTRUCTION CO.
Name of Firm, Corporation, Partnership or Joint Venture

(Seal)

N/A
Name of all Partners, if Partnership

State of incorporation, if Corporation

Signature of Bidder or Authorized Representative

JANUARY 14, 1999
Date of Bid

ANGELO KALAVERAS, VICE PRESIDENT
Name and Title of Authorized Representative

Note: If Bidder is a corporation, set forth the legal name of the corporation together with the sign

Item 4 – File 99-0506

Department: Department of Public Health (DPH)
Laguna Honda Hospital (LHH)

Item: Supplemental appropriation ordinance appropriating $6,932,000 to Laguna Honda Hospital for: a) a projected FY 1998-99 revenue shortfall of $5,810,000; and, b) $1,122,000 for feasibility planning to determine options to replace the Laguna Honda Hospital.

Amount: $6,932,000

Source of funds: The source of funds for the projected FY 1998-99 revenue shortfall of $5,810,000 would be the General Fund Reserve. The source of funds for the remaining $1,122,000 of the proposed supplemental appropriation for feasibility planning for the Laguna Honda replacement Hospital would be a previously established a General Fund reserve designated for one time purposes. The reserve designated for one time purposes was established in FY 1995-96, when the Controller recommended and the Mayor and the Board of Supervisors concurred that $16.8 million in one-time revenue received from a change in the method of accounting for Sales Tax and Motor Vehicle In Lieu Tax revenue be placed on reserve and used only for capital or other projects that need one-time infusions of funds. Since that time, specific project appropriations have been made from this ongoing one-time reserve, and the present reserve balance is $2,912,000. If the proposed supplemental appropriation of funds from this reserve in the amount of $1,122,000 is approved, the balance in this one-time reserve fund would be $1,790,000.

Description: *DPH Justification for the Proposed Supplemental Appropriation*

According to a March 2, 1999 memorandum submitted to the Finance and Labor Committee by Dr. Mitchell Katz, Director of Health, a supplemental appropriation is necessary to respond to requirements imposed on Laguna Honda Hospital by the U.S. Department of Justice (DOJ), the State Department of Health Services and the State Health Care Financing Agency. This supplemental appropriation will allow LHH to address deficiencies identified by these regulatory

agencies and would enable LHH to comply with requirements contained in the LHH "Plan of Correction", a formal agreement between DPH and the U.S. DOJ.

A summary of the requirements imposed on LHH by the Plan of Correction is provided in Attachment 1 to this report.

The total LHH projected revenue shortfall is $7,765,192, offset by expected expenditure savings of $1,955,192. Therefore, DPH estimates that the LHH anticipated deficit is $5,810,000 for FY 1998-99.

According to the March 2, 1999 memorandum from Dr. Katz, LHH is experiencing a revenue shortfall as a direct result of the Plan of Correction's imposition of a reduced patient census. The FY 1998-99 budget included revenue reimbursement estimates based on an average daily patient census of 1,166. The Plan of Correction required that the average daily census be reduced to 1,065, a reduction of 101 patients per day or 8.7 percent less than the budget assumption. Consequently, Medi-Cal and Medicare revenues have declined in relation to the reduced census.

The table below shows the current LHH budgeted revenue, projected revenue and projected deficit, by revenue account, for FY 1998-99. This projection was prepared by LHH and provided to the Budget Analyst by Ms. Monique Zmuda, Chief Financial Officer for the Department of Public Health

Projected FY 1998-99 Revenue Shortfall - Laguna Honda Hospital

Revenue Source	Current Revised FY 1998-99 Budget	Revenues Realized through January 31, 1999	Total Projected Revenues for FY 1998-99	Estimated Surplus (Deficit)
Medi-Cal	$ 87,839,439	$ 47,503,433	$ 80,496,311	$(7,343,128)
Medicare	4,527,090	2,233,189	3,435,866	(1,091,224)
Patient Revenues	6,477,884	4,267,624	7,182,354	704,470
Miscellaneous	325,000	143,565	289,690	(35,310)
State Realignment	673,637	392,955	673,637	-
General Fund Support	22,099,125	12,633,772	22,099,125	-
Total	$ 121,942,175	$ 67,174,538	$ 114,176,983	$(7,765,192)

The table below, also provided by Ms. Zmuda, presents the LHH projected actual expenditures for FY 1998-99. This projection results in an estimated savings of $1,955,192.

Projected FY 1998-99 Expenditure Savings – Laguna Honda Hospital

Expenditure	Current Revised FY 1998-99 Budget	Expenditures through February 28, 1999	Total Projected Expenditures for FY 1998-99	Estimated Surplus (Deficit)
Salaries	$ 81,443,656	$ 51,690,866	$ 80,127,621	$ 1,316,035
Fringe Benefits	20,505,456	12,869,042	20,205,456	300,000
Subtotal – Personnel	$ 101,949,112	$ 64,559,908	$ 100,333,077	$ 1,616,035
Contractual Services	$ 3,450,728	$ 1,882,439	$ 3,525,728	$ (75,000)
Materials and Supplies	7,793,973	5,939,912	8,143,973	(350,000)
Equipment	1,647,829	791,122	1,397,829	250,000
Services of Departments	4,043,533	2,523,958	4,673,376	(629,843)
Capital Projects	3,057,000	1,275,333	1,913,000	1,144,000
Total	$121,942,175	$ 76,972,672	$ 119,986,983	$ 1,955,192

The LHH projected revenue shortfall of $7,765,192, offset by the estimated expenditure savings of $1,955,192 results in the estimated net revenue shortfall of $5,810,000.

DPH is requesting $1,122,000 for the one time cost of conducting feasibility planning for a Laguna Honda Hospital replacement facility

According to the March 2, 1999 memorandum by Dr. Katz, the DPH is requesting $1,122,000 to begin financial feasibility planning necessary to replace Laguna Honda Hospital. This request includes funds for DPW project management, site assessment, architectural and engineering consultation, City Attorney and City Planning fees, community planning, and hospital financial and strategic planning. Attachment 2, provided by Dr. Katz, details the request for $1,122,000. This request is summarized below.

Summary Budget for LHH Replacement Feasibility Planning

DPW costs	$265,800
Other City Departments	167,500
Consultants	688,700
Total	$1,122,000

Consultants have not been selected for the proposed expenditure of $688,700 shown in the table above. According to Ms. Zmuda, the consultants will be selected on a competitive basis with the exception of a $48,000 contract for financial

analysis of operations that will be granted to a firm that specializes in long term care health facilities and has performed similar work on past Laguna Honda Hospital Replacement plans. This firm, Health Financial Solutions, is expected to be selected on a sole source basis because of its specialization and past experience with the planning process for replacement of Laguna Honda Hospital.

On April 20, 1999 a report prepared by the Laguna Honda Replacement Planning Committee was presented to the Health Commission. The Laguna Honda Replacement Planning Committee (LHRPC) is comprised of 26 City officials and private citizens and co-Chaired by the City Attorney and the Director of Public Health. The City Attorney was appointed to lead the planning effort for the Laguna Honda Replacement Hospital by the Mayor. As co-Chairs, the City Attorney and the Director of Public Health selected members of the LHRPC. The LHRPC has recommended a demolition of the current LHH main hospital and remodeling of Clarendon Hall to provide a facility that will accommodate a total of 1,200 beds. The LHRPC's estimate of the total cost of the replacement project is $428,707,000. The LHRPC recommends Health Commission and Board of Supervisors approval of the proposed project and the submission of a General Obligation Bond measure to the voters in the November, 1999 election. The amount of the proposed General Obligation Bond measure would be approximately $437,000,000 to cover the project cost of $428,707,000 and bond issuance costs of approximately $8,300,000.

The LHRPC's report also recommends that Tobacco settlement proceeds due to the City, which the LHRPC estimates will range from $313,400,000 to $442,100,000 over the next 25 years, be used as a source of funds to offset the cost to property owners for repayment of the General Obligation Bonds. Ms. Monique Moyer, Mayor's Director of Public Finance, estimates that the total debt service for the proposed $437,000,000 General Obligation Bond would be approximately $846,900,000 over 25 years. Therefore, if the LHPC's recommendations are approved, Tobacco settlement proceeds would pay for an estimated 37 percent to 52 percent of the total debt service.

According to Ms. Zmuda, advantage to beginning the planning work, prior to voter approval of the General Obligation Bond

measure, is to reduce future project escalation costs because six months will be saved on the project timeline, according to Ms. Zmuda. The advance planning will also provide voters with more information on which to make a decision of the proposed General Obligation Bond measure.

Analysis

The Budget Analyst has reviewed the LHH projected revenue shortfall in detail and concurs with the projection of reduced revenue.

DPH's estimated expenditure savings of $1,955,192 shown above includes savings of $1,316,035 for Salaries and $300,000 for Fringe Benefits, for a total savings of $1,616,035 for personnel-related accounts. However, the Controller's latest monthly expenditure projections for Laguna Honda Hospital, based on actual payroll and fringe benefit expenditures through the pay period ending March 19, 1999, estimate total expenditure savings of $1,997,926 for Salaries and savings of $342,876 for Fringe Benefits. The Controller's projected savings for personnel-related accounts therefore totals $2,340,802 or $724,767 more than the DPH projected personnel-related savings of $1,616,035.

However, the Controller's projected savings does not include new positions that have been hired since March 19, 1999. The Mayor's Office of Finance has approved filling 16 personnel requisitions for existing authorized positions, including 10 new positions that were approved for partial year funding in the FY 1998-99 budget for a new Medical Psychiatric Unit and six additional authorized positions that have been held vacant. These positions have been filled. LHH also intends to hire 11 additional positions to meet a U.S. DOJ recommendation that LHH staff a Training Team to address staff development requirements and improve patient care. Lastly, the LHH FY 1998-99 budget includes overtime funds for additional personnel during the State Accreditation Survey to be conducted during the month of May that will result in increased spending that was not included in the Controller's projections.

The Budget Analyst has reviewed the LHH projected expenditures for the remainder of the Fiscal Year. Based on this review, we conclude that the LHH projected personnel-related expenditure savings of $1,616,035 will increase by

$210,038 to $1,826,073. Therefore, the proposed supplemental appropriation should be reduced by the amount of $210,038.

Comment: Because the proposed expenditure of $1,122,000 for feasibility planning for the proposed Laguna Honda replacement Hospital would begin preliminary work on the project before the proposed General Obligation Bond measure a) is authorized by the Board of Supervisors and b) is actually approved by a two thirds vote of the electorate, the approval of this portion of the supplemental appropriation is a policy matter for the Board of Supervisors.

Recommendation: 1. Reduce the proposed supplemental appropriation related to the LHH anticipated deficit portion of the request by $210,038 from $6,932,000 to $6,721,962 to reflect the revised expenditure requirements for the remainder of the Fiscal Year. The amount to be funded from the General Fund Reserve would therefore decrease by $210,038 from $5,810,000 to $5,599,962.

2. The proposed expenditure of $1,122,000 from a previously established General Fund reserve to perform feasibility planning for a proposed Laguna Honda Replacement Project prior to a) authorization of the necessary General Obligation Bond measure by the Board of Supervisors, and b) prior to approval by a two thirds vote of the electorate, is a policy decision for the Board of Supervisors.

City and County of San Francisco

Department of Public Health
Laguna Honda Hospital

April 6, 1999

Ken Bruce
Board Budget Analyst
Fox Plaza
1390 Market Street, Suite 1025
San Francisco, CA 94102

Re: **LHH Supplemental Appropriation**

Dear Mr. Bruce:

The following memo is being sent to you at the request of Anne Okubo. It outlines the impact of regulatory requirements on Laguna Honda Hospital in three areas which are identified.

I. Census Reduction

Projected revenue short fall for Laguna Honda Hospital is a direct result of reduced patient census. The current fiscal year operating budget assumes revenue reimbursement for 1166 patient beds. As a requirement of the Plan of Correction imposed by the State (Licensing & Certification) and Federal (Healthcare Financing Administration) regulatory agencies, patient census in the Hospital has been reduced to 1065. As a result, MediCal revenues are projected to be $6.90 million under budget and MediCare revenues are projected to be $1.09 million below budget. This is partially offset by $0.54 million surplus in other revenues resulting in a net revenue short fall of $7.45 million. Laguna Honda Hospital is requesting $5,810,000 to offset the projected revenue loss associated with these regulatory requirements.

Attached is Laguna Honda Hospital's Plan of Correction (dated July 8, 1998). Referring to Page 2, under phase I, Laguna Honda Hospital committed to reducing the resident census by 4 beds in each of 28 wards in the main hospital building and by 2 beds in one ward, for a total reduction of 114 beds.

Also, attached is a table with Laguna Honda Hospital's Average Daily Census by month for this fiscal year.

II. Wardrobe Cabinets

As part of the Plan of Correction with the State (Licensing & Certification) and Federal (HCFA) agencies, wardrobe cabinets were installed where the beds had

been vacated. These wardrobe cabinets provide additional privacy and provide the residents with immediate access to their belongings. Laguna Honda initiated this project with OSHPD (State of California) in July 1998. Laguna Honda Hospital received approved drawings and a building permit from OSHPD on December 17, 1998. Laguna Honda Hospital had completed the public bid process for the wardrobe cabinets and was only awaiting the design to be approved before releasing the contract to fabricate these units. The purchase order was finalized in early January 1999. The wardrobe contract was awarded for a total cost of $573,921.60. The wardrobe installation began February 1,1999. There were 972 wardrobes installed in 33 wards. The work was completed on March 24, 1999.

III. Therapy Staff

In the DOJ Findings Letter of May 6, 1998, reference is made to minimum remedial measure #3b:

> "Conduct adequate assessments of the specialized rehabilitative needs of residents (including speech, occupational, and physical therapy services), and ensure that needed services are provided in a timely manner by qualified staff."

In response to this finding, each therapy department (PT, OT, ST) at Laguna Honda Hospital hired one additional therapist in the last quarter of 1998.

Please contact me at 759-2363 should you have questions or need additional information.

Sincerely,

George W. Fribance

George Fribance
Associate Administrator

GF:jf

Attachments

cc: Larry Funk
Larry Kuester
Anne Okubo
Monique Zmuda

Attachment 2

LAGUNA HONDA HOSPITAL REPLACEMENT PROGRAM
BUDGET DETAIL

DESCRIPTION	AMOUNT	SUBTOTAL	TOTAL
DEPARTMENT OF PUBLIC WORKS			
Programming and Management			
Project management & technical support	$205,800		
Environmental Engineering (Hazardous Materials)			
Bureau of Construction Management - Site Assessment and Remediation	5,000		
Site Constraint & Environmental Analyses			
Analyst & technical support	50,000		
Geographic Information Systems			
Office of Capital Resource Management	5,000		
		$265.800	
OTHER CITY DEPARTMENTS			
Department of Real Estate			
Appraisals, consultation for budgeting relocations	$15,000		
City Architect			
City Architect and staff	80,000		
Public Utilities Commission			
Utilities Engineering Bureau, Hetch Hetchy Water & Power - Consultation for budgeting & planning utilities	5,000		
Department of City Planning			
Office of Environmental Review - Environmental Evaluation Fee	65,000		
Department of Telecommunications & Information Systems			
Consultation for budgeting telecommunications / data lines	2,500		
		$167.500	
CONSULTANTS			
Architecture & Engineering			
Architecture, structural / mechanical / electrical engineering, cost estimating, scheduling, renderings, models, plots, photography, graphic design, printing, peer reviews, value engineering, public outreach, community planning & meeting forums	$285,300		
Environmental Engineering			
Hazardous Materials assessments & abatement estimating	18,000		
Site Reports & Environmental Analyses			
Site & utilities assessment report, traffic study, biological resources report, site surveys, environmental analyses reports for DCP, soils borings, geotechnical report, historic preservation reports	285,400		
Financial Consultants			
Research and financial analysis of potential funding sources (Medi-Cal AB1732, State funds and Tobacco Settlement), financial analysis of revenues and operating expenses for replacement facility	100,000		
		$688.700	
TOTAL			$1.122.000

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Item 5 – File 99-0671

Department: Department of Human Resources (DHR)

Item: Ordinance implementing the provisions of an amendment to the Memorandum of Understanding (MOU) between the Service Employees International Union (SEIU), AFL-CIO, Locals 250, 535 and 790 and the City and County of San Francisco to provide for the continuation and funding of a pay equity program for qualified SEIU classifications in FY 1999-2000.

Description: In June of 1997, the Board of Supervisors approved an MOU (File No. 93-97-46) with the Service Employees International Union (SEIU), AFL-CIO, Locals 250, 535 and 790 for the three-year period from July 1, 1997 through June 30, 2000. The MOU covers 405 Miscellaneous classifications comprising a total of approximately 10,000 employees.

Section 37 of the MOU provides for the funding of a pay equity program for qualified SEIU classifications with funding of up to $2 million in FY 1997-98 and up to $1.5 million in FY 1998-99. The MOU also provides for an evaluation of the conditions under which the program is to continue for the last year of the agreement, FY 1999-2000. However, no specific funding amount was included in the MOU for FY 1999-2000. The MOU states that, "The City and the Union shall jointly conduct a mutually agreeable study to assess the Pay Equity program and to ensure that the program is effectively meeting its goals. The study shall be concluded no later than December 1, 1998. This contract shall be reopened effective July 1, 1999, pursuant to the provisions of Charter Section A8.409, solely on the issue of determining the appropriate conditions under which the Pay Equity program should continue, if any."

According to Ms. Alice Villagomez of DHR, the required study to assess the Pay Equity program was performed and for the last year of the MOU, FY 1999-2000, the City and SEIU have agreed upon pay equity adjustments of .25 percent to .50 percent for eligible classifications. Under the proposed ordinance, a total of 100

classifications would be eligible for such pay adjustments. A listing of the classifications and the proposed pay adjustments for each are shown on Attachment I, provided by DHR.

Comments:

1. Ms. Villagomez advises that the intent of the Pay Equity program is to make pay adjustments for classes in occupations which have historically been occupied by women and minorities. According to Ms. Villagomez, the criteria used for the Pay Equity program are classifications which are comprised of 70 percent or more women and/or minorities who earn less than $45,000 annually and are deemed to be undervalued compared to similar jobs occupied by non-minority males.

2. According to the Controller's Office, the 100 classifications subject to the proposed ordinance cover 5,392 filled positions. As shown in Attachment II, provided the Controller's Office, implementing the proposed ordinance would result in estimated increased costs to the City of approximately $1,122,000 in FY 1999-2000. The Budget Analyst concurs with the Controller' estimate.

3. According to Mr. John Madden of the Controller's Office, such additional funds of approximately $1,122,000 will be included in the City's FY 1999-2000 annual budget.

Recommendation:

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Class	Title	Budgeted Positions 98-99 ASO	Base Salary w/o PE 07/01/98 Schedule	Base Salary w/o PE 07/01/98 Annual Step 5	Internal adjustments as of 07/01/99	Base Salary w/o PE 07/01/99 Schedule	Base Salary w/o PE 07/01/99 Annual Step 5	1999-2000 Pay Equity Adjustment	07/01/99 Salary Schedule	7/1/99 Salary (+wage incr. + int adj) Schedule	7/1/99 Salary (+wage incr. + int adj) Annual Step 5	7/1/99 Annual with PE Adj	7/1/99 PE Adj Salary Schedule	Approx. PE % Incr
1202	Personnel Clerk	10.50	48.70	$ 31,398		49.35	$ 32,384	$ 159	53.05	53.70	$ 39,881	$ 40,050	53.80	0.50%
1204	Sr. Personnel Clerk	30.50	52.00	$ 38,723		52.85	$ 37,949	$ 189	58.05	58.70	$ 48,007	$ 48,236	58.80	0.50%
1220	Payroll Clerk	82.27	51.70	$ 38,227		52.35	$ 37,401	$ 189	55.95	56.80	$ 45,632	$ 46,001	56.65	0.25%
1222	Sr. Payroll & Personnel Clerk	45.00	53.70	$ 39,881		54.35	$ 41,100	$ 189	57.85	58.50	$ 50,295	$ 50,484	58.55	0.25%
1227	Testing Technician	0.00	49.20	$ 32,155		49.85	$ 33,147	$ 189	53.30	53.95	$ 40,377	$ 40,548	54.05	0.50%
1310	Public Relations Asst	0.00	49.10	$ 31,999		49.75	$ 32,990	$ 189	53.30	53.95	$ 40,377	$ 40,548	54.05	0.50%
1402	Jr. Clerk	13.00	44.60	$ 25,813		45.25	$ 28,622	$ 189	49.10	49.75	$ 32,990	$ 33,159	49.85	0.50%
1403	Election Clerk	0.00	50.00	$ 33,382		50.85	$ 34,452	$ 189	52.95	53.60	$ 39,672	$ 39,841	53.70	0.50%
1404	Clerk	172.88	46.50	$ 28,288		47.15	$ 29,154	$ 189	50.85	51.50	$ 35,868	$ 36,057	51.60	0.50%
1406	Principal Clerk	74.00	53.20	$ 38,915		53.85	$ 40,188	$ 189	57.35	58.00	$ 49,094	$ 49,283	58.05	0.25%
1422	Jr. Clerk Typist	3.00	45.40	$ 28,805		46.05	$ 27,888	$ 189	49.80	50.45	$ 34,113	$ 34,282	50.55	0.50%
1424	Clerk Typist	324.48	47.30	$ 29,383		47.95	$ 30,302	$ 189	51.65	52.30	$ 37,297	$ 37,466	52.40	0.50%
1426	Sr. Clerk Typist	843.49	49.30	$ 32,286		49.95	$ 33,304	$ 189	53.55	54.20	$ 40,847	$ 41,016	54.30	0.50%
1428	Unit Clerk	104.65	50.50	$ 34,191		51.15	$ 35,287	$ 189	54.80	55.45	$ 43,378	$ 43,547	55.55	0.50%
1430	Transcriber Typist	24.00	49.30	$ 32,286		49.95	$ 33,304	$ 189	53.55	54.20	$ 40,847	$ 41,016	54.30	0.50%
1432	Sr. Transcriber Typist	7.00	51.30	$ 35,548		51.95	$ 38,844	$ 189	55.80	56.25	$ 45,075	$ 45,244	56.30	0.25%
1436	Braillist	1.00	48.30	$ 30,798		48.95	$ 31,764	$ 189	52.65	53.30	$ 39,124	$ 39,293	53.40	0.50%
1440	Medical Transcriber Typist	18.50	50.50	$ 34,191		51.15	$ 35,287	$ 189	54.80	55.45	$ 43,378	$ 43,547	55.55	0.50%
1444	Secretary I	88.16	48.20	$ 30,841		48.85	$ 31,807	$ 189	52.55	53.20	$ 38,915	$ 39,084	53.30	0.50%
1446	Secretary II	200.00	51.30	$ 35,548		51.95	$ 38,844	$ 189	55.80	56.25	$ 45,075	$ 45,244	56.30	0.25%
1450	Exec. Secretary I	104.25	53.20	$ 38,915		53.85	$ 40,188	$ 189	57.35	58.00	$ 49,094	$ 49,263	58.05	0.25%
1456	Legal Secretary I	74.50	54.50	$ 41,447		55.15	$ 42,762	$ 189	58.65	59.30	$ 52,304	$ 52,473	59.35	0.25%
1464	Medical Clerk Stenographer	3.00	53.70	$ 39,881		54.35	$ 41,160	$ 189	57.85	58.50	$ 50,295	$ 50,484	58.55	0.25%
1466	Water Services Clerk	18.00	50.00	$ 33,382		50.65	$ 34,452	$ 189	54.25	54.90	$ 42,230	$ 42,399	55.00	0.50%
1474	Claims Process Clerk	2.00	50.00	$ 33,382		50.85	$ 34,452	$ 189	54.25	54.90	$ 42,230	$ 42,399	55.00	0.50%
1476	Senior Claims Process Clerk	1.00	52.40	$ 37,480		53.05	$ 38,854	$ 189	56.55	57.20	$ 47,215	$ 47,384	57.25	0.25%
1478	Sr. Water Services Clerk	24.00	52.00	$ 38,723		52.85	$ 37,949	$ 189	58.15	58.80	$ 48,275	$ 48,444	58.85	0.25%
1480	Principal Water Services Clerk	7.00	53.90	$ 40,272		54.55	$ 41,551	$ 189	58.05	58.70	$ 50,791	$ 50,960	58.75	0.25%
1498	Supervising Clerk II	2.00	54.30	$ 41,055		54.95	$ 42,334	$ 189	58.25	58.90	$ 51,287	$ 51,456	58.95	0.25%
1602	Calculating Machine Operator-Key Drive	1.00	48.00	$ 30,354		48.85	$ 31,320	$ 189	52.30	52.95	$ 38,471	$ 38,640	53.05	0.50%
1630	Account Clerk	83.75	48.00	$ 30,354		48.85	$ 31,320	$ 189	52.30	52.95	$ 38,471	$ 38,640	53.05	0.50%
1632	Sr. Account Clerk	114.39	51.00	$ 35,028		51.85	$ 36,149	$ 189	55.30	55.95	$ 44,422	$ 44,591	56.05	0.50%
1634	Principal Account Clerk	12.75	53.70	$ 39,881		54.35	$ 41,160	$ 189	57.85	58.50	$ 50,295	$ 50,484	58.55	0.25%
1635	Health Care Billing Clerk	11.83	49.90	$ 33,225		50.55	$ 34,289	$ 189	54.10	54.75	$ 41,943	$ 42,112	54.85	0.50%
1636	Health Care Billing Clerk II	50.00	52.40	$ 37,480		53.05	$ 38,854	$ 189	56.55	57.20	$ 47,215	$ 47,384	57.25	0.25%
1640	Sr. Accounting Machine Operator	0.00	53.00	$ 38,550		53.65	$ 39,778	$ 189	57.15	57.80	$ 48,598	$ 48,767	57.85	0.25%
1662	Patient Accounts Asst. Supv.	5.00	55.00	$ 42,439		55.85	$ 43,798	$ 189	58.05	58.70	$ 50,791	$ 50,960	58.75	0.25%
1720	Data Entry Operator	8.00	47.30	$ 29,383		47.95	$ 30,302	$ 189	49.45	50.10	$ 33,539	$ 33,708	50.20	0.50%
1721	Sr. Data Entry Operator	2.00	49.70	$ 32,912		50.35	$ 33,958	$ 189	52.30	52.95	$ 38,471	$ 38,640	53.05	0.50%
1727	Supervising Data Entry Operator	3.00	51.70	$ 38,227		52.35	$ 37,401	$ 189	54.30	54.95	$ 42,334	$ 42,503	55.05	0.50%
1760	Offset Machine Operator	12.53	49.80	$ 32,758		50.25	$ 33,800	$ 189	53.85	54.50	$ 41,447	$ 41,618	54.60	0.50%
1810	Actuarial Clerk	0.00	50.00	$ 33,382		50.85	$ 34,452	$ 189	54.25	54.90	$ 42,230	$ 42,399	55.00	0.50%
1853	Control Clerk, EDP	9.00	49.70	$ 32,912		50.35	$ 33,958	$ 189	52.30	52.95	$ 38,471	$ 38,640	53.05	0.50%
1856	Sr. Control Clerk, EDP	1.00	51.70	$ 38,227		52.35	$ 37,401	$ 189	54.30	54.95	$ 42,334	$ 42,503	55.08	0.50%
1858	Asst. Control Supervisor, EDP	0.00	52.50	$ 37,682		53.16	$ 38,837	$ 189	55.80	56.45	$ 45,518	$ 45,687	56.55	0.50%
2110	Medical Records Clerk	80.75	50.00	$ 33,382		50.85	$ 34,452	$ 189	54.25	54.90	$ 42,230	$ 42,399	55.00	0.50%
2112	Medical Records Technician	30.38	52.50	$ 37,582		53.15	$ 38,837	$ 189	56.65	57.30	$ 47,450	$ 47,619	57.35	0.25%

				Base Salary w/o PE 07/01/96		Internal adjustment	Base Salary w/o PE 07/01/99		1999-2000	07/01/96	7/1/99 Salary (+wage incr. + int adj)		7/1/99	7/1/99	
	Class	Title	Budgeted Positions 98-99 ASO	Schedule	Annual Step 5	as of 07/01/99	Schedule	Annual Step 5	Pay Equity Adjustment	Salary Schedule	Schedule	Annual Step 5	Annual with PE Adj	PE Adj Salary Schedule	Approx. PE % Incr
	2202	Dental Aide	15.25	53.00	$ 36,550		53.65	$ 39,776	$ 169	56.45	57.10	$ 46,980	$ 47,149	57.15	0.25%
	2302	Nursing Assistant	629.76	02.20	$ 37,066		52.65	$ 38,289	$ 169	06.25	56.90	$ 46,510	$ 46,679	56.95	0.25%
+	2303	Mental Health Rehabilitation Worker	54.00	46.30	$ 26,005		46.95	$ 26,693	$ 169	46.30	46.95	$ 26,893	$ 29,062	47.10	0.75%
..	2304	Psychiatric Orderly	0.00	02.90	$ 38,367		..	..	..	..	..	..	..	..	..
	2300	Psychiatric Technician	96.95	03.90	$ 40,272		04.65	$ 41,551	$ 169	67.65	06.00	$ 00,295	$ 00,464	06.50	0.25%
	2306	Sr. Psychiatric Orderly	2.00	54.70	$ 41,636		55.35	$ 43,169	$ 169	56.65	59.30	$ 52,304	$ 52,473	59.35	0.25%
	2310	Surgical Procedures Technician	17.60	53.90	$ 40,272	0.01	54.75	$ 41,943	$ 169	07.65	06.70	$ 00,791	$ 50,960	06.75	0.25%
	2312	Licensed Vocational Nurse	226.52	03.60	$ 39,072	0.01	54.45	$ 41,342	$ 169	57.05	06.40	$ 50,060	$ 00,229	06.40	0.25%
	2390	Central Processing & Distribution Tech	39.00	03.20	$ 36,915		53.85	$ 40,168	$ 169	07.15	57.60	$ 46,596	$ 46,767	57.65	0.25%
	2402	Laboratory Helper	0.57	48.90	$ 31,665		49.55	$ 32,677	$ 169	52.45	53.10	$ 36,732	$ 36,901	03.20	0.00%
	2406	Pharmacy Helper	0.00	02.90	$ 30,367		53.55	$ 39,594	$ 169	50.05	57.00	$ 47,694	$ 46,063	07.05	0.25%
.	2409	Pharmacy Technician	35.60	05.75	$ 44,005		56.40	$ 45,414	.	.	.	.	.	.	.
	2416	Bacteriological Laboratory Asst.	13.00	60.90	$ 34,870		51.05	$ 35,960	$ 169	54.95	55.60	$ 43,691	$ 43,600	05.70	0.00%
	2424	X-Ray Laboratory Aide	14.00	52.00	$ 36,723		52.65	$ 37,949	$ 169	55.50	56.15	$ 44,666	$ 45,035	56.25	0.50%
	2432	Electrocardiograph Technician	3.00	54.50	$ 41,447		55.15	$ 42,752	$ 169	50.05	56.70	$ 50,791	$ 50,960	56.75	0.25%
	2520	Morgue Attendant	1.00	53.40	$ 39,307		54.05	$ 40,559	$ 169	57.35	06.00	$ 49,094	$ 49,263	56.05	0.25%
	2554	Therapy Aide	0.00	54.90	$ 42,230		55.55	$ 43,567	$ 109	50.05	56.70	$ 50,791	$ 50,960	56.75	0.25%
+	2563	Home Health Aide	0.00	47.35	$ 29,441		46.00	$ 30,354	$ 169	47.35	48.00	$ 30,354	$ 30,523	46.10	0.50%
	2565	Health Worker I	29.04	40.60	$ 26,664		47.45	$ 29,597	$ 169	51.15	51.00	$ 36,363	$ 36,552	51.90	0.00%
	2566	Health Worker II	114.43	49.20	$ 32,155		49.05	$ 33,147	$ 169	53.45	54.10	$ 40,664	$ 40,633	54.20	0.50%
	2567	Health Worker III	75.60	51.10	$ 35,209		51.75	$ 36,305	$ 169	55.30	55.95	$ 44,422	$ 44,591	56.05	0.50%
	2568	Health Worker IV	59.25	54.70	$ 41,636		55.35	$ 43,169	$ 169	56.55	59.20	$ 52,043	$ 52,212	59.25	0.25%
	2700	Housekeeper	2.00	44.70	$ 25,943		45.35	$ 26,753	$ 109	49.10	49.75	$ 32,990	$ 33,159	49.65	0.50%
	2706	Custodian	000.03	47.40	$ 29,519		46.05	$ 30,433	$ 169	51.75	52.40	$ 37,480	$ 37,049	52.50	0.50%
	2716	Custodial Asst. Supervisor	27.16	49.40	$ 32,442		50.05	$ 33,400	$ 169	53.70	54.35	$ 41,160	$ 41,329	54.45	0.50%
	2718	Custodial Supervisor I	25.00	51.40	$ 35,705		52.05	$ 36,627	$ 109	55.70	50.35	$ 45,310	$ 45,479	50.45	0.50%
..	2719	Janitorial Services Asst. Supv	6.25	53.50	$ 39,489		..	..	..	..	..	..	..	..	..
	2736	Porter	252.17	47.40	$ 29,519		46.05	$ 30,433	$ 109	51.75	52.40	$ 37,480	$ 37,049	52.50	0.50%
	2738	Porter Asst. Supervisor	10.00	49.40	$ 32,442		50.05	$ 33,400	$ 109	53.70	54.35	$ 41,160	$ 41,329	04.45	0.50%
	2740	Porter Supervisor I	10.00	51.40	$ 35,705		52.05	$ 36,027	$ 109	55.70	50.35	$ 45,310	$ 45,479	56.45	0.50%
	2700	Laundry Worker	59.00	45.60	$ 27,327		46.45	$ 20,214	$ 169	50.30	50.95	$ 34,948	$ 35,117	51.05	0.50%
	2770	Senior Laundry Worker	13.00	46.60	$ 20,864		47.45	$ 29,597	$ 109	51.15	51.60	$ 36,363	$ 36,552	01.90	0.50%
	2772	Sewing Technician	4.00	46.30	$ 20,005		40.95	$ 26,893	$ 169	50.05	51.30	$ 35,540	$ 35,717	01.40	0.50%
	2760	Laundry Worker Supervisor	4.00	51.70	$ 36,227		52.35	$ 37,401	$ 109	65.05	56.50	$ 45,623	$ 45,792	06.60	0.50%
	2903	Eligibility Worker	77.24	51.20	$ 35,386		51.65	$ 36,488	$ 109	55.30	55.95	$ 44,422	$ 44,591	06.05	0.50%
	2904	Social Service Technician	34.50	51.40	$ 35,705		02.05	$ 36,027	$ 169	54.75	55.40	$ 43,274	$ 43,443	55.50	0.00%
	2905	Senior Eligibility Worker	414.00	54.20	$ 40,647		54.65	$ 42,152	$ 169	58.15	00.00	$ 51,026	$ 51,195	00.65	0.25%
	2906	Hospital Eligibility Worker	07.00	04.20	$ 40,647		64.65	$ 42,152	$ 169	58.10	58.60	$ 51,020	$ 51,195	66.65	0.25%
	2994	Homemaker	0.00	46.00	$ 30,354		46.65	$ 31,320	$ 109	61.05	62.30	$ 37,297	$ 37,406	62.40	0.60%
	3202	Locker Room Attendant	7.00	39.30	$ 20,071		39.95	$ 20,723	$ 169	01.60	02.30	$ 37,297	$ 37,406	02.40	0.00%
	3204	Swimming Pool Cashier-Clerk	11.00	47.30	$ 29,363		47.95	$ 30,302	$ 109	51.05	02.30	$ 37,297	$ 37,466	02.40	0.00%
	3260	Assistant Recreation Director	61.00	40.60	$ 31,242		49.25	$ 32,234	$ 109	52.15	62.00	$ 38,164	$ 30,353	52.90	0.50%
	3602	Library Page	111.00	45.50	$ 20,935		40.15	$ 27,797	$ 169	49.35	50.00	$ 33,362	$ 33,051	00.10	0.60%
	3610	Library Assistant	70.74	49.90	$ 33,225		60.55	$ 34,269	$ 109	53.55	54.20	$ 40,647	$ 41,016	54.30	0.50%
	3616	Library Technical Assistant I	60.57	53.40	$ 39,307		54.05	$ 40,559	$ 109	56.95	57.60	$ 46,120	$ 46,297	57.65	0.25%
	3610	Library Technical Assistant II	30.25	55.30	$ 43,065		55.95	$ 44,422	$ 169	50.65	59.30	$ 52,304	$ 52,473	59.35	0.25%
	4202	Assessment Clerk	19.00	46.00	$ 30,354		46.65	$ 31,320	$ 169	52.30	52.95	$ 30,471	$ 36,640	53.05	0.50%

	Class	Title	Budgeted Positions 98-99 ASO	Base Salary w/o PE 07/01/98 Schedule	Base Salary w/o PE 07/01/98 Annual Step 5	Internal adjustment as of 07/01/99	Base Salary w/o PE 07/01/99 Schedule	Base Salary w/o PE 07/01/99 Annual Step 5	1999-2000 Pay Equity Adjustment	07/01/98 Salary Schedule	7/1/99 Salary (+wage incr. + int adj) Schedule	7/1/99 Salary (+wage incr. + int adj) Annual Step 5	7/1/99 Annual with PE Adj	7/1/99 PE Adj Salary Schedule	Approx. PE % Incr
	4203	Senior Assessment Clerk	9.00	50.00	$ 33,382		50.65	$ 34,452	$ 169	54.25	54.90	$ 42,230	$ 42,399	55.00	0.50%
	4320	Cashier I	3.00	47.30	$ 29,363		47.95	$ 30,302	$ 169	51.65	52.30	$ 37,297	$ 37,466	52.40	0.50%
	4321	Cashier II	24.00	49.30	$ 32,286		49.95	$ 33,304	$ 169	53.05	53.70	$ 39,881	$ 40,050	53.60	0.50%
	7392	Window Cleaner	11.75	53.60	$ 40,064		54.45	$ 41,342	$ 169	57.95	58.60	$ 50,530	$ 50,699	58.65	0.25%
	8106	Legal Process Clerk	15.00	46.20	$ 30,641		46.65	$ 31,807	$ 169	52.55	53.20	$ 36,915	$ 39,064	53.30	0.50%
	8106	Senior Legal Process Clerk	22.00	50.20	$ 33,695		50.65	$ 34,791	$ 169	54.45	55.10	$ 42,647	$ 42,616	55.20	0.50%
+	8157	Family Support Investigator I	0.00	55.40	$ 43,274		56.05	$ 44,631	$ 169	55.40	56.05	$ 44,631	$ 44,800	56.10	0.25%
**	8316	Assistant Counselor	0.00	49.40	$ 32,442		**	**	**	**	**	**	**	**	**
	9102	Transit Car Cleaner	66.50	50.60	$ 34,346		51.25	$ 35,470	$ 169	53.90	54.55	$ 41,551	$ 41,720	54.65	0.50%
	9104	Transit Car Cleaner Asst. Supervisor	7.00	52.40	$ 37,480		53.05	$ 36,554	$ 159	55.80	56.45	$ 45,516	$ 45,667	56.55	0.50%
**	9122	Transit Information Clerk	24.00	51.70	$ 38,227		**	**	**	**	**	**	**	**	**
*	9209	Airport Police Services Aide	114.50	55.20	$ 42,656	0.02	56.25	$ 45,075	*	*	*	*	*	*	*
*		Annual Salary exceeds $45,000 effective 7/1/99													
**		Class no longer eligible; class not comprised of 70% women or minorities.													
+		New Classes added													
		Total Budgeted Positions	6112.77												
		Less Positions Falling Out	180.55												
		Number of PE Eligible Positions	5932.22												
		Total Pay Equity allotment:	$1,000,000												
		Pay Equity Adjustment per position =	$ 168.57												

CITY AND COUNTY OF SAN FRANCISCO — OFFICE OF THE CONTROLLER

Edward Harrington
Controller

John W. Madden
Chief Assistant Controller

April 21, 1999

Ms. Gloria L. Young, Clerk of the Board
Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Amendment to the Memorandum of Understanding with SEIU Local 790, 535, 250
File No. 99-0671

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the memorandum of understanding between the City and County of San Francisco and Service Employees International Union (SEIU) Locals 790, 535, and 250. The amendment covers the period July 1, 1999 through June 30, 2000, and affects approximately 5,392 employees with a salary base of approximately $236 million.

Based on our analysis, the amendment will result in incremental costs, including salaries and fringe benefits, of approximately $1,122,000 in FY 1999-2000. The amendment will result in a cost increase of approximately .48% above base salaries for FY 1999-2000.

If you have any additional questions or concerns please contact John Madden at 554-7500.

Sincerely,

Edward M. Harrington
Controller

cc: Vicki Rambo, ERD
Harvey Rose, Budget Analyst

415-554-7500 City Hall • 1 Dr. Carlton B. Goodlett Place • Room 316 • San Francisco CA 94102-4694 FAX 415-554-7466

Item 6 - File 99-0672

Department: Port

Item: Resolution approving a lease agreement with Allright Cal, Inc. and the City and County of San Francisco operating by and through the Port Commission to operate one surface parking lot at Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets.

Location: Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets.

Purpose of Lease Agreement: To provide space for the continued operation of one existing public surface parking lot with a capacity of 410 vehicles.

Lessor: City and County of San Francisco

Lessee: Allright Cal, Inc., d.b.a. City Parking Company

No. of Sq. Ft.: 101,587 square feet

Description: The proposed subject lease agreement between the Port and Allright Cal, Inc. would authorize Allright Cal, Inc. to operate a public parking lot accommodating 410 vehicles at the Port's Seawall Lots 321, 323, and 324 located at Embarcadero, Broadway and Green Streets.

The parking lot is on a parcel which has been designated as a future development site for a hotel project. In accordance with the subject lease agreement, with five days written notice, the Port and the hotel developer may enter the subject parcel to perform planning and pre-construction activities related to the development project.

Lessor's Option to Expand: Under the provisions of the proposed lease, the Port may exercise the option to allow Allright Cal, Inc. to expand parking operations in space north of the Ferry Building. According to Mr. Lozovoy, two such expansion sites may become available, one located at Pier 27/29 and one located at Pier 1. The additional space at Pier 27/29 consists of approximately 70,000 square feet and would accommodate

approximately 285 additional vehicles, according to the Port's estimates. The space at Pier 1 consists of approximately 75,000 square feet and would accommodate approximately 200 additional vehicles, according to the Port's estimates. Such expanded parking operations are for purposes of accommodating public parking demand related to a potential increase in cruise ship business as well as special events and emergencies.

Rental Payment By Lessee to City: The rental rate payable by Allright Cal, Inc. to the Port would be $67,198 and the annual rental amount would be $806,376, subject to annual CPI adjustments. If the Port exercises its option under the lease to expand its parking operations north of the Ferry Building, the Port would receive 66% of the monthly parking revenues. Mr. Lozovoy estimates that the rental rate payable by Allright Cal, Inc. to the Port for the Pier 27/29 potential expansion site would be $28,215 per month ($338,580 annually), and the rental rate payable by Allright Cal, Inc. to the Port for the Pier 1 potential expansion site would be $19,800 per month ($237,600 annually), however, according to Mr. Lozovoy, any expansion to Pier 1 would only be for approximately two months, consistent with the development plan for Pier 1.

Increase in Base Rental Revenues: Mr. Lozovoy reports that the Port currently has a month-to-month lease with Central Parking Systems, Incorporated for the operation of the parking lot on Seawall Lots 321, 323, and 324.

The current base rental rate payable by Central Parking Systems to the Port is $38,060 per month, which results in a current total annual base rental revenue of $456,720. As previously noted, under the proposed lease, the new monthly rent of $67,198 for lease of the subject parcel would result in a total of $806,376 payable to the Port. Therefore, the proposed rental payments would result in an increase of $29,138 per month, or $349,656 per year, an increase of 76.56%.

Term of Lease: Two years, commencing on the first day of the month immediately following the Board of Supervisors approval of

the proposed lease. The Port retains the right to terminate the lease upon 60 days written notice to the lessee.

Right of Renewal: None.

Insurance Provision: Allright Cal, Inc. would be required to maintain Garage Liability and Garage Keeper's Insurance with a limit of not less than $1,000,000, in addition to Workers Compensation, Comprehensive General Liability and Comprehensive Automobile Insurance.

Comments: 1. On July 29, 1998, the Port issued an Invitation for Bids (IFB). Attachment I, provided by the Port, includes the names of all the publications in which the IFB was advertised and the dates of those advertisements. According to Mr. Lozovoy, a major goal of the Port Commission was to encourage the participation of minority-owned and economically disadvantaged businesses and the Port advertised in a wide variety of publications to reach MBE/WBEs. The Port received requests for 42 bid packages and ultimately received bids from 18 parking lot operators, 56% of which were MBE/WBEs. Attachment II, provided by the Port, lists the 18 companies that responded to the IFB and the monthly bid amounts submitted by each. As noted in Attachment II, Allright Cal, Inc. was the high bidder.

Recommendation: Approve the proposed resolution.

San Francisco Chronicle and Examiner
Asian Week
The Oakland Tribune
Philippine News
San Francisco Business Times
Sun-Reporter
San Francisco El Latino Newspaper
City Purchasing Department
Contra Costa Times

* ADS FROM 8/10 TO 8/26/98

Post-It™ brand fax transmittal memo 7671 | # of pages ▸ 2

To C. HURD	From M. LOZOVOY
Co. Bd. S - BUDGET	Co. SF PORT
Dept.	Phone # 274-0575
Fax # 252-0461	Fax #

Port of San Francisco

Parking Lot Bids

September 15, 1998

PARCEL II

Seawall Lots 321,323 and 324
Minimum Bid: $38,060.80

1	Allright Cal, Inc.	$67,198.00
2	ABC Parking, Inc.	67,000.00
3	San Francisco Parking Incorporated	67,000.00
4	Central Parking System, Inc.	65,000.00
5	Park Bay Inc.	64,671.00
6	Imperial Parking, Inc.	60,833.00
7	Ampco System Parking	60,257.00
8	Federal Auto Parks, Inc.	58,555.05
9	City Parking Company	57,865.00
10	Parking Company of America, Management, LLC	57,000.00
11	GDA Holding, Inc.	55,620.00
12	Grefalco Co., Inc.	54,444.00
13	US Parking, Inc.	53,938.00
14	K.T. Park Corporation	53,851.00
15	Car Park Management Corp.	53,425.00
16	Pacific Park Management, Inc.	52,302.82
17	Optima Investment, Inc. /dba Bay Parking Co.	44,100.00
18	Parking Concepts, Inc.	41,011.00

g:\admin\lot bids

Item 7 - File 99-0617

Departments: Public Utilities Commission (PUC)
Water Department

Item: Resolution authorizing a 40-year lease of Water Department land between the City and County of San Francisco and Cisco Systems, Inc. in Santa Clara County.

Location: City of Milpitas, Santa Clara County, located within the Milpitas Business Park.

Purpose of Lease: Parking lot, utilities, landscaping and ingress and egress to and from adjacent Cisco Systems, Inc. facilities

Lessor: City and County of San Francisco, through the Public Utilities Commission

Lessee: Cisco Systems, Inc.

Square Footage: 109,737 square feet, or approximately 2.52 acres

No. of Sq. Ft. and Rent per Month: Payable by Cisco Systems, Inc. to the PUC. The subject land consists of a total of 109,737 square feet, including 38,880 net rentable area, to be leased at approximately $.28 per square foot per month.

Annual Rent Payable By Cisco Systems, Inc. To PUC: $129,120, or $10,760 per month

Rental Adjustments: Rent to be adjusted every five years, in accordance with the annual Consumer Price Index, of not less than two percent or more than five percent. In addition, every ten years, rent would be adjusted to the prevailing fair market value, based on current land values as determined by PUC appraisal, less a ten percent discount due to the inability to construct buildings on the property and the City's retained rights for the PUC's underground facilities.

Term of Lease: Commences after approval by Board of Supervisors and Mayor and extends for 40 years, or through approximately April of 2039.

Description: The proposed resolution would authorize a 40-year lease of approximately 2.52 acres of Water Department property consisting of vacant land in the City of Milpitas, Santa Clara County, to Cisco Systems, Inc. for a parking lot, utilities, landscaping and ingress and egress purposes. Presently, this Water Department vacant property has a water pipeline under the surface of the land, which is used to transport and distribute water for municipal purposes. Under the proposed lease, the PUC would retain all rights to operate, maintain, repair and/or reconstruct these PUC facilities.

In 1996 and 1997, the Board of Supervisors approved two 40-year leases of Water Department property for use by Cisco Systems, Inc. in the City of San Jose in Santa Clara County (Resolution Nos. 1073-96 and 410-97) for similar parking, utility and landscaping purposes. The 1996 lease was for approximately 2.67 acres of land and the 1997 lease was for approximately 4.41 acres of land, for a total of approximately 7.08 acres of land. These existing 40-year leases are located between Rio Robles and North First Street and Zanker Road and Coyote Creek near the Agnews State Hospital in northern San Jose.

The proposed lease, although located in the City of Milpitas, is located just east of the previous leases, and will allow Cisco Systems, Inc. to provide additional parking and access to their facilities. In addition, Cisco is currently constructing a five-building campus in the recently purchased Milpitas Business Park, which is also located adjacent to the subject PUC property.

Comments: 1. Section 9.118 of the City's Charter requires that leases of real property in excess of ten years, or having anticipated revenue of at least $1 million be subject to the approval of the Board of Supervisors. The proposed lease would extend for a period of 40

years and would result in revenues exceeding $5 million, not including the future escalation clauses.

2. According to Mr. Gary Dowd of the PUC, the original grant deed limits approximately 65 percent, or 70,857 square feet of the total lease area of 109,737 square feet, to agricultural, landscaping and egress and ingress purposes and prohibits the charging of rent for this area. Mr. Dowd notes that only the remaining 38,880 square feet (total area of 109,737 square foot less restricted area of 70,857 square foot) of the proposed lease area would be used for a parking lot by Cisco Systems to accommodate approximately 240 vehicles. Therefore, Mr. Dowd notes that the rental rate was calculated only on this remaining 38,880 square feet. Assuming a rental rate of $10,760 per month for this parking facility, and a total of 240 vehicles represents an average rent of approximately $45 per month per vehicle.

3. Mr. Dowd states that the proposed lease rate of approximately $.28 per square foot per month for the 38,880 square feet of land represents the fair market lease rate for the subject property, based on comparable sales prices for adjacent parcels, less a ten percent discount, because the PUC does not permit structures to be built on the property and to allow access rights to the pipeline by the PUC, and assuming a nine percent rate of return.

4. According to Mr. Dowd, because Cisco is the only adjacent property owner, and given the restrictions on the PUC's property which prohibit construction of any buildings and require access to the pipeline by the PUC, there is no other potential use of the proposed property. Mr. Dowd notes that there has not been a previous lease on this property and the City currently receives no revenue from this parcel.

5. Mr. Dowd notes that under the proposed lease, Cisco Systems, Inc. would be responsible for all land maintenance costs and for paying all property taxes and assessments on the subject property. Mr. Dowd estimates that the PUC currently spends up

to approximately $1,000 per year for weed abatement and other maintenance responsibilities on the property. In addition, Mr. Dowd notes that the PUC currently pays a total of $426 in annual property taxes to Santa Clara County.

Recommendation: Approve the proposed resolution.

Item 8 – File 99-0602

Department: San Francisco Redevelopment Agency (SFRA)

Item: Hearing to consider the Redevelopment Agency's financial and performance reports for the quarter ending December 31, 1998 and a status report on prior year appropriations.

Description: The Board of Supervisors approved Resolution No. 330-94 in April of 1994, requiring that the SFRA provide a quarterly report to the Board of Supervisors on the Agency's fiscal condition and performance and on temporary personnel assignments that have been extended, or may be extended beyond six months. Resolution No. 330-94 also requires that periodic public hearings be held by the Board of Supervisors to consider the status of all SFRA programs.

The subject quarterly report, which is contained in the Board of Supervisors file, is actually for the last two quarters of 1998, from July 1, 1998 through December 31, 1998 and consists of (1) a summary report showing actual expenditure variances with the SFRA's FY 1998-99 budget by project and by Personnel and Administration expenses (See Attachment I); (2) a Project Status Report for each SFRA project; and (3) a listing of temporary personnel assignments that have extended or may be extended beyond six months (See Attachment II).

Comment: As shown in Attachment I, provided by the Redevelopment Agency, during the first six months of the fiscal year from July 1, 1998 through December 31, 1998, the San Francisco Redevelopment Agency expended and encumbered \$36,745,736, or 37 percent of their revised budget, leaving a remaining balance of \$61,666,839 or approximately 63 percent of the total revised budget for FY 1998-99. Ms. Tiza Peterson of the Redevelopment Agency reports that as of March 31, 1999, after the completion of the third quarter of the fiscal year, the Redevelopment Agency had

expended and encumbered approximately $60,000,000 or 61 percent of their revised budget, leaving a remaining balance of approximately $38,400,000, or 39 percent of their revised budget. Ms. Peterson further reports that given the various debt payment schedules for each of the Redevelopment Agency's projects, the expenditures are not necessarily expended evenly throughout the fiscal year. For example, Ms. Peterson reports that approximately a $12.6 million payment for the Yerba Buena project will not be completed until after June 30, 1999, although it is included in the current FY 1998-99 budget.

Harvey M. Rose

cc: Supervisor Yee
Supervisor Bierman
President Ammiano
Supervisor Becerril
Supervisor Brown
Supervisor Katz
Supervisor Kaufman
Supervisor Leno
Supervisor Newsom
Supervisor Teng
Supervisor Yaki
Clerk of the Board
Controller
Legislative Analyst
Matthew Hymel
Stephen Kawa
Ted Lakey

Attachment I

San Francisco Redevelopment Agency
Summary

Variance Report for Fiscal Year 98/99

Reporting Period: 07/01/98-12/31/98

Project	Approved Budget	Revised Budget	Actual & Encumbered	Remaining
Yerba Buena	30,169,000	29,959,000	6,503,496	23,455,504
Arts Center and Gardens	5,997,000	5,997,000	5,477,665	519,335
Rincon Point--South Beach	10,227,000	10,227,000	2,582,472	7,644,528
South Beach Harbor	1,699,000	1,699,000	1,199,547	499,453
Hunters Point	466,000	466,000	291,139	174,861
India Basin	368,000	368,000	263,138	104,862
Western Ad.,A2	8,038,000	8,038,000	5,186,477	2,851,523
South Bayshore	0	0	0	-
H.P. Shipyard	7,832,000	4,471,575	160,825	4,310,750
South of Market	4,405,000	4,405,000	57,741	4,347,259
Citywide Housing	6,179,000	5,907,000	1,718,445	4,188,555
HOPWA*	8,000,000	8,528,000	4,463,140	4,064,860
Central Relocation	0	0	0	-
Economic Development	1,207,000	1,207,000	1,145,000	62,000
Federal Office Bldg(GSA Site)	50,000	50,000	0	50,000
Golden Gateway	5,136,000	5,136,000	3,242,367	1,893,633
Trans Bay Terminal	0	0	0	-
Mid Market	0	0	0	-
Mission Bay	70,000	70,000	13,026	56,974
Subtotal: Work Program	89,843,000	86,528,575	32,304,478	54,224,097
Personnel Expenses	9,945,000	9,945,000	3,570,051	6,374,949
Administration Expenses	1,939,000	1,939,000	871,207	1,067,793
Grand Total	$ 101,727,000	$ 98,412,575	$ 36,745,736	$ 61,666,839

* The Agency is the designated administrator for the City's HOPWA program.

Attachment II

SAN FRANCISCO REDEVELOPMENT AGENCY

Temporary Employee Listing

Name	Classification	Date of Hire	Expected Term. Date	Remarks
Tiffany Bohee	Project/Planning Associate	2/8/99	6/30/99	Provide project management support for Mission Bay Project Area
Aaron Krasnow	Project/Planning Associate	9/2/97	6/30/99	Provides assistance to Housing Program Manager and Development Specialists
Lisa King	Assistant Planner	2/22/99	6/30/99	Assist in development of design plan for the Third Street Town Center transit village.
Jim White	Staff Associate I	6/25/96	6/30/99	Security during Commission and community meetings
Robert Jimenez	Harbor Security Officer	9/30/97	6/30/99	Replacing permanent employee on leave without pay
Larry Hollingsworth	Housing Preservation Liaison	6/10/96	6/30/99	Inform residents of assigned housing developments of potential reductions in Federal government rental assistance in various communities.
Dedzra Hewitt	Housing Preservation Liaison	8/18/97	6/30/99	Inform residents of assigned housing developments of potential reductions in Federal government rental assistance in various communities.
Linda Jiang	Account Clerk I	3/11/96	6/30/99	Part-time support for Finance
C. Arroyo	Office Assistant I	6/16/98	6/30/99	Part-time support for Central Records.
Monica Hickolas	Office Assistant I	2/10/97	6/30/99	Part-time support for Central Records and Legal Division

S:hr:tempmp5

2/22/99